

Municipalities building a  
stable insurance future.

125 East Court Street  
Ithaca, NY 14850  
607-274-5590  
[INFO: consortium@twcnny.rr.com](mailto:INFO:consortium@twcnny.rr.com)  
[www.tompkins-co.org/healthconsortium](http://www.tompkins-co.org/healthconsortium)

April 23, 2014

Mr. Daniel J. Sheridan  
Principal Insurance Examiner  
New York State Department of Financial Services  
Health Bureau  
One State Street, 11<sup>th</sup> Floor  
New York, New York 10004

RE: Annual Statement – 2013

Dear Mr. Sheridan:

The Greater Tompkins County Municipal Health Insurance Consortium is pleased to submit two (2) original copies of the Consortium's Annual Statement for the period ending December, 31 2013.

Attached to the Statement are the following:

- 1) a letter addressed to Adrian Pope with regard to the Consortium's incurred but not reported (IBNR) and incurred but not paid (IBNP) claims liability reserve; and
- 2) Actuarial Review of Outstanding Claim Liabilities as of December 31, 2013

If there are any questions concerning the filing of this information please contact me.

Sincerely,

Michelle Pottorff, Administrative Clerk  
Greater Tompkins County Municipal Health Insurance Consortium

Cc: Stephen Locey, Consultant, Locey & Cahill, LLCs  
Jerry E. Mickelson, CPA, Ciaschi, Dietershagen, Little, Mickelson & Company, LLP  
Randall R. Shepard, CPA, Bonadio Group  
Rick Snyder, GTCMHIC Treasurer

**STATE OF NEW YORK  
DEPARTMENT OF FINANCIAL SERVICES**

**DATA REQUIREMENTS FOR  
MUNICIPAL COOPERATIVE HEALTH BENEFIT PLANS**

Greater Tompkins County Municipal Health Insurance Consortium

Name of MCHBP

FOR THE FISCAL YEAR ENDING

December 31, 2013

To be filed 120 days from fiscal year end

Two copies of this Form bearing original signatures and notarization should be filed with  
the Department of Financial Services at the following address:

New York State Department of Financial Services  
Health Bureau  
One State Street, 11th Floor  
New York, New York 10004

# ANNUAL STATEMENT

OF THE CONDITION AND AFFAIRS OF

A Municipal Cooperative Health Benefit Plan organized under the laws of the State of New York made to the New York State Department of Financial Services pursuant to the laws thereof.

OFFICERS\*

**GOVERNING BOARD\***

STATE OF New YorkCOUNTY OF Tompkins

Donald Barber, President, Judith Drake, Secretary, Steven Thayer, Chief Financial Officer (or Corresponding person having charge of the financial records of the MCHBP) of the Greater Tompkins County Municipal Health Insurance Consortium, being duly sworn, each for himself deposes and says that they are the above described officers of the said MCHBP, and that on the reporting period stated above, all of the herein assets were the absolute property of the said MCHBP, free and clear from any liens or claims thereon, except as herein stated, and that this Statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to is a full and true statement of all the assets and liabilities and of the condition and affairs of the said MCHBP as of the reporting period stated above, and of its income and deductions therefrom for the period reported, according to the best of their information, knowledge and belief, respectively.

Subscribed And Sworn To Before Me This 22nd Day of

April 2014  
(Month) (Year)

Catherine Covert  
NOTARY PUBLIC

NOTARY PUBLIC  
(Seal)  
**CATHERINE COVERT**  
Notary Public, State of New York  
No. 498315G  
Qualified in Tompkins County  
Commission expires June 24, 2015

K. Dabe President

*[Signature]* Secretary

 Chief Financial Officer

(Corporate Seal)

(a) Is this an original filing?

Yes [X]                      No [ ]

(b) If no: (i) state the amendment number

(ii) date filed

(iii) number of pages attached

\*Show full name (initials not acceptable) and indicate by number sign (#) those officers and directors who did not occupy the indicated position in the previous statement.

NY1

REPORT #1 — PART A: ASSETS

|   | Current Year | Previous Year * |
|---|--------------|-----------------|
|   | 1<br>Total   | 2<br>Total      |
| 1. Bonds (Schedule B line 0199999)  | -            | -               |
| 2. Stocks:  |              |                 |
| 2.1 Preferred stocks (Schedule B line 0299999)                            | -            | -               |
| 2.2 Common stocks (Schedule B line 0399999)                               | -            | -               |
| 3. Real estate (Schedule J line 0199999)                                  | -            | -               |
| 4.1 Cash (Schedule A Line 0399999)  | 3,563,863    | 4,273,608       |
| 4.2 Cash equivalents (Schedule A Line 0499999)                            | -            | -               |
| 4.3 Total Cash and Cash equivalents (Schedule A Line 0599999)             | 3,563,863    | 4,273,608       |
| 5. Premiums receivable (Schedule C, NY 10)                                | 277,412      | -               |
| 6. Other invested assets  | -            | -               |
| 7. Receivable for securities  | -            | -               |
| 8. Aggregate write-in for invested assets                                 | -            | -               |
| 9. Subtotal cash and invested assets (Lines 1 to 8)                       | 3,841,275    | 4,273,608       |
| 10. Investment income due and accrued                                     | -            | -               |
| 11. Reinsurance:  |              |                 |
| 11.1 Amounts recoverable from reinsurers                                  | 217,354      | 984,662         |
| 11.2 Funds held by or deposited with reinsured companies                  | -            | -               |
| 11.3 Other amounts receivable under reinsurance contracts                 | -            | -               |
| 12.1 Current federal income tax recoverable and interest thereon          | -            | -               |
| 12.2 Net deferred tax asset   | -            | -               |
| 13. Electronic data processing equipment and software                     | -            | -               |
| 14. Furniture and equipment, including health care delivery assets        | -            | -               |
| 15. Health care and other amounts receivable                              | 212,000      | 222,360         |
| 16. Aggregate write-in for other than invested assets                     | 6,864,425    | 2,227,983       |
| 17. Total Assets(Lines 9 to 16)   | 11,135,054   | 7,708,613       |
|   |              |                 |
| DETAILS OF WRITE-INS AGGREGATED AT ITEM 8 FOR INVESTED ASSETS             |              |                 |
| 0801. _____   | -            | -               |
| 0802. _____   | -            | -               |
| 0802. _____   | -            | -               |
| 0804. _____   | -            | -               |
| 0805. _____   | -            | -               |
| 0898. Summary of remaining write-ins for Item 8 from overflow page        | -            | -               |
| 0899. TOTALS (Items 0801 thru 0805 plus 0898) (Page 2, item 8)            | -            | -               |
|   |              |                 |
| DETAILS OF WRITE-INS AGGREGATED AT ITEM 16 FOR OTHER THAN INVESTED ASSETS |              |                 |
| 1601. Restricted cash   | 5,947,189    | 1,428,554       |
| 1602. Ancillary benefits receivable                                       | 9,136        | 829             |
| 1603. Excellus BCBS prepaid claims (Advance deposit)                      | 908,100      | 798,600         |
| 1604. _____   | -            | -               |
| 1605. _____   | -            | -               |
| 1698. Summary of remaining write-ins for Item 16 from overflow page       | -            | -               |
| 1699. TOTALS (Items 1601 thru 1605 plus 1698) (Page 2, item 16)           | 6,864,425    | 2,227,983       |

\* As reported on Prior Year End filed Annual Statement.



REPORT #1 — PART B: LIABILITIES AND NET WORTH

|  | Current Year | Previous Year * |
|--|--------------|-----------------|
|  | 1<br>Total   | 2<br>Total      |
| 1.1 Unpaid claims (Schedule F, NY11)                                 | 2,749,847    | 3,082,421       |
| 1.2 Additional amount required by Section 4706(a)(1)                 | 824,546      | -               |
| 1.3 Total Claims payable   | 3,574,393    | 3,082,421       |
| 2. Premiums received in advance                                      | 196,396      | -               |
| 3. General expenses due or accrued                                   | -            | -               |
| 4.1 Current federal income tax payable and interest thereon          | -            | -               |
| 4.2 Net deferred tax liability                                       | -            | -               |
| 5. Ceded reinsurance premiums payable                                | -            | -               |
| 6. Amounts withheld or retained for the account of others            | -            | -               |
| 7. Borrowed money and interest thereon                               | -            | -               |
| 8. Payable for securities  | -            | -               |
| 9. Funds held under reinsurance treaties                             | -            | -               |
| 10. Aggregate write-ins for other liabilities                        | -            | -               |
| 11. Accounts payable (Schedule G, NY12)                              | 315,382      | -               |
| 12. Claim stabilization reserve                                      | -            | -               |
| 13. Unearned premiums  | -            | -               |
| 14. Loans and notes payable  | -            | -               |
| 15. Aggregate write-ins for current liabilities                      | -            | -               |
| 16. Total liabilities (Lines 1 to 16)                                | 4,086,171    | 3,082,421       |
| 17. Aggregate write-ins for special surplus funds                    | 600,000      | -               |
| 18. Gross paid-in and contributed surplus                            | -            | -               |
| 19. Unassigned funds (surplus)                                       | 4,723,499    | 3,197,415       |
| 20. Surplus notes  | -            | -               |
| 21. Surplus per Section 4706(a)(5) **                                | 1,725,384    | 1,428,777       |
| 22. Total capital and surplus (Lines 17 to 21)                       | 7,048,883    | 4,626,192       |
| 23. Total liabilities, capital, and surplus (Lines 16 + 22)          | 11,135,054   | 7,708,613       |
| DETAILS OF WRITE-INS AGGREGATED AT ITEM 10 FOR OTHER LIABILITIES     |              |                 |
| 1001. _____  | -            | -               |
| 1002. _____  | -            | -               |
| 1003. _____  | -            | -               |
| 1004. _____  | -            | -               |
| 1005. _____  | -            | -               |
| 1098. Summary of remaining write-ins for Item 10 from overflow page  | -            | -               |
| 1099. TOTALS (Items 1001 thru 1005 plus 1098) (Page 3, item 10)      | -            | -               |
| DETAILS OF WRITE-INS AGGREGATED AT ITEM 15 FOR CURRENT LIABILITIES   |              |                 |
| 1501. _____  | -            | -               |
| 1502. _____  | -            | -               |
| 1503. _____  | -            | -               |
| 1504. _____  | -            | -               |
| 1505. _____  | -            | -               |
| 1598. Summary of remaining write-ins for Item 15 from overflow page  | -            | -               |
| 1599. TOTALS (Items 1501 thru 1505 plus 1598) (Page 3, item 15)      | -            | -               |
| DETAILS OF WRITE-INS AGGREGATED AT ITEM 17 FOR SPECIAL SURPLUS FUNDS |              |                 |
| 1701. Assigned for Catastrophic Claims                               | 600,000      | -               |
| 1702. _____  | -            | -               |
| 1703. _____  | -            | -               |
| 1704. _____  | -            | -               |
| 1705. _____  | -            | -               |
| 1798. Summary of remaining write-ins for Item 17 from overflow page  | -            | -               |
| 1799. TOTALS (Items 1701 thru 1705 plus 1798) (Page 3, item 17)      | 600,000      | -               |

\* As reported on Prior Year End filed Annual Statement.

\*\* Calculation of current year reserves shown on NY16 (Schedule K).

REPORT #2 STATEMENT OF REVENUE, EXPENSES AND NET WORTH

|   | Current Year | Previous Year * | Current Year | Previous Year * |
|---|--------------|-----------------|--------------|-----------------|
|   | 1            | 2               | 3            | 4               |
|   | Total        | Total           | PMPM         | PMPM            |
| 1. Member Months  | 61,063       | 53,375          | XXX          | XXX             |
| 2. Net premium income:  |              |                 |              |                 |
| 2.1 Basic   | 34,507,671   | 28,575,531      | 565.12       | 535.37          |
| 2.2 Drugs   | -            | -               | -            | -               |
| 2.3 Total   | 34,507,671   | 28,575,531      | 565.12       | 535.37          |
| 3. Change in unearned premium reserves and reserve for rate credits:  |              |                 |              |                 |
| 3.1 Basic   | -            | -               | -            | -               |
| 3.2 Drugs   | -            | -               | -            | -               |
| 3.2 Total   | -            | -               | -            | -               |
| 4. Aggregate write-ins for other health care related revenues   | -            | -               | -            | -               |
| 5. Investment   | 9,871        | 7,332           | 0.16         | 0.14            |
| 6. Non-health revenues  | 146,563      | 105,902         | XXX          | XXX             |
| 7. Total revenues (Items 2 to 6)  | 34,664,105   | 28,688,765      | 567.68       | 537.49          |
|   |              |                 |              |                 |
| Hospital and Medical:   |              |                 |              |                 |
| 8. Hospital/medical benefits  | 21,438,806   | 18,190,193      | 351.09       | 340.80          |
| 9. Other professional services  | -            | -               | -            | -               |
| 10. Outside referrals   | -            | -               | -            | -               |
| 11. Emergency room and out-of-area  | -            | -               | -            | -               |
| 12. Prescription drugs  | 6,574,951    | 6,608,842       | 107.67       | 123.82          |
| 13. Aggregate write-ins for other hospital and medical  | -            | -               | -            | -               |
| 14. Incentive pool, withhold adjustments and bonus amounts  | -            | -               | -            | -               |
| 15. Aggregate write-ins for other expenses  | 237,105      | 208,359         | 3.88         | 3.90            |
| 16. Subtotal (Lines 8 to 15)  | 28,250,862   | 25,007,394      | 462.65       | 468.52          |
| Less:   |              |                 |              |                 |
| 17. Net reinsurance recoveries  | 281,688      | 984,662         | 4.61         | 18.45           |
| 18. Total hospital and medical (Lines 16-17)  | 27,969,174   | 24,022,732      | 458.04       | 450.07          |
| 19. Claims adjustment expenses, including cost containment expenses   | -            | -               | -            | -               |
| 20. General administrative expenses   | -            | -               | -            | -               |
| 20.1 Compensation   | 35,960       | 39,899          | 0.59         | 0.75            |
| 20.2 Interest expense   | 119,425      | -               | 1.96         | -               |
| 20.3 Occupancy, depreciation, and amortization  | -            | -               | -            | -               |
| 20.4 Marketing  | -            | -               | -            | -               |
| 20.5 Professional Fees  | 99,112       | 11,675          | 1.62         | 0.22            |
| 20.6 Administration Fees  | 939,946      | 858,215         | 15.39        | 16.08           |
| 20.7 Consulting Fees  | 64,722       | 58,612          | 1.06         | 1.10            |
| 20.8 Aggregate write-ins for other administrative expenses  | 614,612      | 415,760         | 10.07        | 7.79            |
| 20.9 Total administrative expenses  | 1,873,777    | 1,384,161       | 30.69        | 25.93           |
| 21. Increase in reserves for A&H contracts  | -            | -               | -            | -               |
| 22. Total underwriting deductions (Lines 18 to 21)  | 29,842,951   | 25,406,893      | 488.72       | 476.01          |
| 23. Net underwriting gain or (loss) (Lines 7 - 22)  | 4,821,154    | 3,281,872       | 78.95        | 61.49           |
| 24. Net investment income earned  | -            | -               | -            | -               |
| 25. Net realized capital gains or (losses) less capital gains taxes   | -            | -               | -            | -               |
| 26. Net investment gains or (losses) (Lines 24 + 25)  | -            | -               | -            | -               |
| 27. Aggregate write-ins for other income or expenses  | (151,780)    | (103,699)       | (2.49)       | (1.94)          |
| 28. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 23 + 26 + 27) | 4,669,374    | 3,178,173       | 76.47        | 59.54           |
| 29. Federal income taxes incurred   | -            | -               | -            | -               |
| 30. Net income (loss) (Lines 28 - 29)   | 4,669,374    | 3,178,173       | 76.47        | 59.54           |
|   |              |                 |              |                 |
| DETAILS OF WRITE-INS AGGREGATED AT ITEM 4 FOR OTHER HEALTH CARE RELATED REVENUES                                |              |                 |              |                 |
| 0401. _____   | -            | -               | -            | -               |
| 0402. _____   | -            | -               | -            | -               |
| 0403. _____   | -            | -               | -            | -               |
| 0404. _____   | -            | -               | -            | -               |
| 0405. _____   | -            | -               | -            | -               |
| 0498. Summary of remaining write-ins for Item 4 from overflow page  | -            | -               | -            | -               |
| 0499. TOTALS (Items 0401 thru 0405 plus 0498) (Page 4, Item 4)  | -            | -               | -            | -               |
|   |              |                 |              |                 |
| DETAILS OF WRITE-INS AGGREGATED AT ITEM 13 FOR OTHER HOSPITAL AND MEDICAL                                       |              |                 |              |                 |
| 1301. _____   | -            | -               | -            | -               |
| 1302. _____   | -            | -               | -            | -               |
| 1303. _____   | -            | -               | -            | -               |
| 1304. _____   | -            | -               | -            | -               |
| 1305. _____   | -            | -               | -            | -               |
| 1398. Summary of remaining write-ins for item 13 from overflow page   | -            | -               | -            | -               |
| 1399. TOTALS (Items 1301 thru 1305 plus 1398) (Page 4, item 13)   | -            | -               | -            | -               |
|   |              |                 |              |                 |
| DETAILS OF WRITE-INS AGGREGATED AT ITEM 15 FOR OTHER EXPENSES   |              |                 |              |                 |
| 1501. NYS Graduate Medical Education Tax  | 237,105      | 208,359         | 3.88         | 3.90            |
| 1502. _____   | -            | -               | -            | -               |
| 1503. _____   | -            | -               | -            | -               |
| 1504. _____   | -            | -               | -            | -               |
| 1505. _____   | -            | -               | -            | -               |
| 1598. Summary of remaining write-ins for Item 15 from overflow page   | -            | -               | -            | -               |
| 1599. TOTALS (Items 1501 thru 1505 plus 1598) (Page 4, item 15)   | 237,105      | 208,359         | 4            | 4               |
|   |              |                 |              |                 |
| DETAILS OF WRITE-INS AGGREGATED AT ITEM 20.8 FOR OTHER ADMINISTRATIVE EXPENSES                                  |              |                 |              |                 |
| 20.801. Insurance (Directors & Officers, Professional Liability)  | 22,211       | 21,139          | 0.36         | 0.40            |
| 20.802. Stop-loss premiums  | 592,401      | 394,621         | 9.70         | 7.39            |
| 20.803. _____   | -            | -               | -            | -               |
| 20.804. _____   | -            | -               | -            | -               |
| 20.805. _____   | -            | -               | -            | -               |
| 20.898. Summary of remaining write-ins for Item 20.8 from overflow page   | -            | -               | -            | -               |
| 20.899. TOTALS (Items 20.801 thru 20.805 plus 20.898) (Page 4, item 20.8)                                       | 614,612      | 415,760         | 10           | 8               |
|   |              |                 |              |                 |
| DETAILS OF WRITE-INS AGGREGATED AT ITEM 27 FOR OTHER INCOME OR EXPENSES   |              |                 |              |                 |
| 2701. Miscellaneous expenses  | (5,217)      | -               | (0.09)       | -               |
| 2702. Insured Ancillary benefits expense  | (146,563)    | (103,699)       | (2.40)       | (1.94)          |
| 2703. _____   | -            | -               | -            | -               |
| 2704. _____   | -            | -               | -            | -               |
| 2705. _____   | -            | -               | -            | -               |
| 2798. Summary of remaining write-ins for Item 27 from overflow page   | -            | -               | -            | -               |
| 2799. TOTALS (Items 2701 thru 2705 plus 2798) (Page 4, item 27)   | (151,780)    | (103,699)       | (2)          | (2)             |

\* As reported on Prior Year End filed Annual Statement.

REPORT #2 STATEMENT OF REVENUE, EXPENSES AND NET WORTH (Continued)

| CAPITAL & SURPLUS ACCOUNT   | Current Year | Previous Year * |
|---|--------------|-----------------|
|   | 1<br>Total   | 2<br>Total      |
| 31. Capital and surplus prior reporting year                                    | 4,626,192    | 1,249,619       |
| GAINS AND LOSSES TO CAPITAL & SURPLUS:  |              |                 |
| 32. Net income or (loss) from Line 30   | 4,669,374    | 3,178,173       |
| 33. Change in valuation basis of aggregate policy and claim reserve             | -            | -               |
| 34. Change in net unrealized capital gains and losses less capital gains tax    | -            | -               |
| 35. Change in net deferred income tax   | -            | -               |
| 36. Change in nonadmitted assets  | -            | -               |
| 37. Change in unauthorized reinsurance  | -            | -               |
| 38. Change in surplus notes   | -            | -               |
| 39. Cumulative effect of changes in accounting principles                       | -            | -               |
| 40. Capital Changes   |              |                 |
| 40.1 Paid in  | -            | -               |
| 40.2 Transferred to surplus   | -            | -               |
| 41. Surplus adjustments:  |              |                 |
| 41.1 Paid in  | -            | -               |
| 41.2 Transferred from capital   | -            | -               |
| 42. Dividends to participating municipal corporations (or school districts)     | -            | -               |
| 43. Change in surplus per Section 4706(a)(5)                                    | (296,607)    | 198,400         |
| 44. Change in retained earnings/fund balance                                    | (1,125,530)  | -               |
| 45. Interest on surplus notes   | -            | -               |
| 46. Aggregate write-ins for changes in other net worth items                    | (824,546)    | -               |
| 47. Aggregate write-ins for gains or (losses) in surplus                        | -            | -               |
| 48. Net change in capital and surplus (Lines 32 to 50)                          | 2,422,691    | 3,376,573       |
| 49. Capital and surplus end of reporting year (Line31 + 51)**                   | 7,048,883    | 4,626,192       |
| DETAILS OF WRITE-INS AGGREGATED AT ITEM 46 FOR CHANGES IN OTHER NET WORTH ITEMS |              |                 |
| 4601. Additional needed for 12% IBNR  | \$ (824,546) | \$ -            |
| 4602.   | -            | -               |
| 4603.   | -            | -               |
| 4604.   | -            | -               |
| 4605.   | -            | -               |
| 4698. Summary of remaining write-ins for Item 46 from overflow page             | -            | -               |
| 4699. TOTALS (Items 4601 thru 4605 plus 4698) (Page 5, item 46)                 | (824,546)    | -               |
| DETAILS OF WRITE-INS AGGREGATED AT ITEM 47 FOR GAINS OR (LOSSES) IN SURPLUS     |              |                 |
| 4701.   | \$ -         | \$ -            |
| 4702.   | -            | -               |
| 4703.   | -            | -               |
| 4704.   | -            | -               |
| 4705.   | -            | -               |
| 4798. Summary of remaining write-ins for Item 48 from overflow page             | -            | -               |
| 4799. TOTALS (Items 4701 thru 4705 plus 4798) (Page 5, item 47)                 | -            | -               |

\* As reported on Prior Year End filed Annual Statement.

GENERAL INTERROGATORIES

1. a)

Has any change been made since the last reporting date in the municipal cooperation agreement; administration agreement; plan document or the number of participating municipal corporations?

Yes [ ]

No [X ]

b)

If "Yes", when was the filing request to change the agreements or documents filed with the Department of Financial Services?

Date: N/A

i)

If "approved", when was the filing request approved?

Date: N/A

Date: N/A

Date: N/A

Date: N/A

ii)

If not "approved" yet, what is the status of the filing request and the status date?

Date: N/A

Date: N/A

Date: N/A

Date: N/A

c)

If "Yes", attach current copies of the documents if they have not been previously submitted.

2. a)

State as of what date the latest financial examination of the MCHBP was made or is being made.

Date: 12/31/13

b)

State the as of date that the latest financial examination report became available from either the state or the company. This date should be the date of the examined balance sheet and not the date the report was completed or released.

Date: 12/31/13

3.

Has the MCHBP an established procedure for annual disclosure to its Board of Governors of any material interest or affiliation on the part of any of its officers, directors or responsible employees which is in, or is likely to conflict with the official duties of such person?

Yes [X ]

No [ ]

4. a)

Did any person, while an officer, director or trustee of the reporting entity, receive directly or indirectly, during the period covered by this statement, any commission on the business transactions of the reporting entity?

Yes [ ]

No [X ]

b)

If "Yes", give particulars:

N/A

N/A

5. a)

Was money loaned, directly or indirectly, during the period covered by this report to any employee, officer, or director of the MCHBP? If "Yes", please complete the schedule below.

Yes [ ]

No [X ]

| 1<br>Name of Borrower | 2<br>Position with MCHBP | 3<br>Description of Loan | 3<br>Original Loan Amount | 4<br>Amount of Loan Principal Outstanding at Year End |
|-----------------------|--------------------------|--------------------------|---------------------------|---|
| N/A                   |                          |                          |                           |   |
|                       |                          |                          |                           |   |
|                       |                          |                          |                           |   |
|                       |                          |                          |                           |   |
|                       |                          |                          |                           |   |
| 0599999. Totals       |                          |                          |                           |   |

6. a)

Is the fiscal officer of the MCHBP covered by a fidelity bond?

Yes [X ]

No [ ]

b)

If "Yes", give name of surety company, and amount of coverage:

The Consortium Treasurer and the Consortium Assistant to the Treasurer are both covered by the County of Tompkins' Employee Dishonesty Bond (a.k.a. Fidelity Bond). This coverage is provided through Fidelity and Deposit Company of Maryland, Colonial American Casualty and Surety Company, 1400 American Lane, Schaumburg, IL, 60196. This company is a subsidiary of Zurich American Insurance Company. The coverage provided covers embezzlement and/or the misappropriation of funds and each person is covered up to a \$2,000,000 maximum.

7. a)

Were all the stocks, bonds, and other securities owned as of the reporting period in the actual possession of the MCHBP on the said date?

Yes [X ]

No [ ]

b)

If "No", give location: No stocks, bonds, or other securities owned by the Consortium at this time.

8. a)

Excluding real estate and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a direct custodial agreement with a qualified bank or trust company in accordance with Section 1, III – General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC *Financial Condition Examiners Handbook*?

Yes [X ]

No [ ]

b)

For agreements that conform to the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

| 1<br>Name of Custodian(s)    | 2<br>Custodian's Address |
|------------------------------|--------------------------|
| No stocks owned at this time | N/A                      |
|                              |                          |
|                              |                          |
|                              |                          |
|                              |                          |

c)

For all agreements that do not conform to the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

| 1<br>Name(s) | 2<br>Location(s) | 3<br>Complete Explanation(s) |
|--------------|------------------|------------------------------|
| N/A          | N/A              | N/A                          |
|              |                  |                              |
|              |                  |                              |
|              |                  |                              |
|              |                  |                              |

9. a)

Is the purchase or sale of all investments of the MCHBP passed upon by either the Board of Governors or a subordinate committee thereof?

Yes [X ]

No [ ]

b)

If "No", state who has the authority: N/A

10. a)

Has any present or former officer, director or any other person or firm any claim of any nature whatsoever against the MCHBP which is not included in the financial statements?

Yes [ ]

No [X ]

b)

If "Yes", give details:

N/A

11. a)

Has the MCHBP been subject to any administrative orders, cease and desist orders, fines or suspensions by any government entity during the reporting year?

Yes [ ]

No [X ]

b)

If "Yes", give details (You need not report an action, either formal or informal, if a confidentiality clause is part of the agreement)

N/A

12. a)

What is the percentage that the MCHBP uses for its claims payable reserve?

12%

b)

Is the percentage used for claims payable reserve equal to the minimum requirement of 25% as per Insurance Law § 4706(a)(1)?

Yes [ ]

No [X ]

c)

If b) is "No", did the MCHBP file a request to use a lower percentage from the Department of Financial Services as per Insurance Law § 4706(a)(1)?

Yes [X ]

No [ ]

d)

If c) is "Yes", answer the following:

i)

When was the request filed with the Department of Financial Services?

Date: 11/08/13

ii)

When was the request approved?

Date: N/A



GENERAL INTERROGATORIES (Continued)

- 13 a) Provide the following information on the MCHBP's general liability insurance coverage:
- i) Name of Carrier:

Each municipality within the Consortium carries its own GL coverage through a policy or as self-insured. Exposure is
- ii) Limits of Coverage:

minimal for a GL claim since the Consortium has no employees or offices. Most meetings are held at the County's conference
- iii) Expiration Date:

room, and the County is self-insured for activities that occur in that conference room.

- 14 Complete the Itemization of Stop-Loss Fund Recoveries schedule below.

|   | Itemization of Stop-Loss Fund Recoveries |                 |                |
|---|--|-----------------|----------------|
|   | 1<br>Current Year                        | 2<br>Prior Year | 3<br>Projected |
| 1. Aggregate Stop-Loss Coverage<br>Per Insurance Law § 4707(a)(1) | 1700000                                  | 725000          | 1700000        |
| 2. Specific Stop-Loss Coverage<br>Per Insurance Law § 4707(a)(2)  | 1000000                                  | 1000000         | 1000000        |
| 3. Total  | 2700000                                  | 1725000         | 2700000        |

- 15 a) Provide the following information on the MCHBP's reinsurance (stop-loss) coverage:
- i) Name of Carrier:

Highmark Life Insurance Co.
- ii) Limits of Coverage:

\$300,000 specific deductible w/\$1,700,000 policy year maximum, lifetime unlimited 125% aggregate corridor w/either a) sum of monthly aggregate deductible amounts applicable to each policy month in the current policy term, or b) minimum aggregate deductible. \$1,000,000 policy year maximum
- iii) Expiration Date:

December 31, 2014
- b) If the MCHBP does not have this coverage, explain:

N/A

- 16 a) Does the MCHBP set up its claim liability for hospital and other medical services on a service date basis?
- Yes [ X ] No [ ]
- b) If No, give details:

N/A
- N/A

- 17 a) Was the MCHBP's prior year's annual statement amended?
- Yes [ ] No [ X ]
- b) If yes, furnish the following information regarding the last amendment to the prior year's annual statement filed with the MCHBP's state of domicile

i) Amendment number

N/A

ii) Date of amendment

N/A

- 18 What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
- Ciacshi Dietershagen Little Mickelson & Company, LLP, 401 East State Street, Suite 500, Ithaca, NY 14850

- 19 What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
- Acquarius Capital Solutions Group LLC, 110 Betsy Brown Rd, Port Chester, NY 10573. No affiliation with Consortium

- 20 Does the reporting entity keep a complete permanent record of the proceedings of its governing board and all subordinate committees thereof?
- Yes [ X ] No [ ]

21. a) Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any?
- \$24,217
- b) List the name of the firm and the amount paid if any such payment represented 5% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1  
Name

2  
Amount Paid

|                    |          |
|--------------------|----------|
| Superintendent of  |          |
| Financial Services | \$24,217 |
|                    |          |
|                    |          |

22. a) Does the MCHBP plan to refund any amounts in excess of reserves and surplus required by § 4706 of the New York Insurance Law and anticipated expenses in the plan's joint funds to participating municipal corporations during the next 90 days?
- Yes [ ] No [ X ]
- b) If a) is "Yes", provide the following:

i) Anticipated date of distribution.

Date: N/A

ii) Anticipated amount of distribution.

N/A

23. a) Has the MCHBP's current community rating methodology been filed with and approved by the superintendent as required by § 4705(d)(5)(B) of the New York Insurance Law?
- Yes [ X ] No [ ]
- b) If a) is "Yes", answer the following:

i) When was the request filed with the Department of Financial Services?

Date: 10/01/10.

ii) When was the request approved?

Date: N/A

iii) If approved, please attach a copy of the approval letter.
- c) If a) is "No", give particulars, including when the community rating methodology will be filed with the Department of Financial Services:

This information was submitted as part of our application process to the state and was approved at that time.

A defacto authorization has been deemed to be received as the Consortium received a Certificate of Authority to operate on 10/1/10.

SCHEDULE A — CASH AND CASH EQUIVALENTS

| 1  | 2    | 3                | 4                | 5             | 6                               | 7  | 8   | 9            |
|--|------|------------------|------------------|---------------|---------------------------------|--|---|--------------|
| Description  | Code | Date<br>Acquired | Rate of Interest | Maturity Date | Book/Adjusted<br>Carrying Value | Amount of Interest<br>Received During<br>Fiscal Year | Amount of Interest<br>Due & Accrued at<br>end of Current<br>Fiscal Year | Balance      |
| Depository — Cash  | XXX  | XXX              | XXX              | XXX           | XXX                             | XXX  | XXX   | XXX          |
| Tompkins Trust Company (checking)                                      | XXX  | XXX              | 0.095            | XXX           | XXX                             | 7.727  | -   | 3,563,863    |
|  |      | XXX              |                  | XXX           | XXX                             |  |   |              |
|  |      | XXX              |                  | XXX           | XXX                             |  |   |              |
|  |      | XXX              |                  | XXX           | XXX                             |  |   |              |
|  |      | XXX              |                  | XXX           | XXX                             |  |   |              |
|  |      | XXX              |                  | XXX           | XXX                             |  |   |              |
|  |      | XXX              |                  | XXX           | XXX                             |  |   |              |
|  |      | XXX              |                  | XXX           | XXX                             |  |   |              |
|  |      | XXX              |                  | XXX           | XXX                             |  |   |              |
|  |      | XXX              |                  | XXX           | XXX                             |  |   |              |
| 0199999 Total — Cash on Deposit  | XXX  | XXX              | XXX              | XXX           | XXX                             | 7.727  | -   | 3,563,863    |
| 0299999 Cash in Company's Office                                       | XXX  | XXX              | XXX              | XXX           | XXX                             | XXX  | XXX   |              |
| 0399999 Total — Cash   | XXX  | XXX              | XXX              | XXX           | XXX                             | 7.727  | -   | 3,563,863    |
| Description — Cash Equivalent  | XXX  | XXX              | XXX              | XXX           | XXX                             | XXX  | XXX   | XXX          |
|  |      |                  |                  |               |                                 |  |   |              |
|  |      |                  |                  |               |                                 |  |   |              |
|  |      |                  |                  |               |                                 |  |   |              |
|  |      |                  |                  |               |                                 |  |   |              |
|  |      |                  |                  |               |                                 |  |   |              |
|  |      |                  |                  |               |                                 |  |   |              |
|  |      |                  |                  |               |                                 |  |   |              |
|  |      |                  |                  |               |                                 |  |   |              |
|  |      |                  |                  |               |                                 |  |   |              |
|  |      |                  |                  |               |                                 |  |   |              |
|  |      |                  |                  |               |                                 |  |   |              |
| 0499999 Total — Cash Equivalent  | XXX  | XXX              | XXX              | XXX           | -                               | -  | -   | -            |
| 0599999 Total — Cash and Cash Equivalent                               | XXX  | XXX              | XXX              | XXX           | \$ -                            | \$ 7.727   | \$ -  | \$ 3,563,863 |
| NOTE: Negotiable certificates of deposit to be reported in Schedule B. |      |                  |                  |               |                                 |  |   |              |

**SCHEDULE B — INVESTMENTS**

[illegible]

| STATEMENT AS OF | December 31, 2013<br>(Year Ending) | OF THE | Greater Tompkins County Municipal Health Insurance Consortium<br>(Name) |
|-----------------|------------------------------------|--------|---|
|-----------------|------------------------------------|--------|---|

**SCHEDULE C — PREMIUMS RECEIVABLE (Other than Affiliates)**

Individually list all Municipal Corporations with account balances the greater of 10% of gross Premiums Receivable or \$5,000.

| Name of Debtor                               | 1<br>1-30 Days | 2<br>31-60 Days | 3<br>61-90 Days | 4<br>Over 90 Days | 5<br>Non-Admitted | 6<br>Admitted |
|--|----------------|-----------------|-----------------|-------------------|-------------------|---------------|
| Tompkins-Cortland Community College          | -              | -               | -               | -                 | -                 | \$ 277,412    |
|  | 277,412        | -               | -               | -                 | -                 | -             |
|  | -              | -               | -               | -                 | -                 | -             |
|  | -              | -               | -               | -                 | -                 | -             |
|  | -              | -               | -               | -                 | -                 | -             |
|  | -              | -               | -               | -                 | -                 | -             |
|  | -              | -               | -               | -                 | -                 | -             |
|  | -              | -               | -               | -                 | -                 | -             |
|  | -              | -               | -               | -                 | -                 | -             |
|  | -              | -               | -               | -                 | -                 | -             |
|  | -              | -               | -               | -                 | -                 | -             |
|  | -              | -               | -               | -                 | -                 | -             |
|  | -              | -               | -               | -                 | -                 | -             |
| 0199999 Individually Listed Receivables      | 277,412        | -               | -               | -                 | -                 | 277,412       |
|  |                |                 |                 |                   |                   |               |
| 0299999 Receivables Not Individually Listed  | \$ -           | \$ -            | \$ -            | \$ -              | -                 | -             |
|  |                |                 |                 |                   |                   |               |
| 0399999 Gross Premiums Receivable            | 277,412        | -               | -               | -                 | -                 | 277,412       |
|  |                |                 |                 |                   |                   |               |
| 0499999 Less Allowance for Doubtful Accounts |                |                 |                 |                   | -                 | -             |
| 0599999 Premiums Receivable                  |                |                 |                 |                   | -                 | 277,412       |

N.Y. SCHEDULE F — CLAIMS PAYABLE ANALYSIS  
(ON A FISCAL YEAR BASIS)

Calculation of Unpaid Claims Reserves at Year End

Unpaid claims reserve = [(percent approved by the department expressed as a decimal)\*(Paid claims CY - Unpaid claims PY)] / (1-percent approved by the department expressed as a decimal)

|   |               |   |
|---|---------------|---|
| Reserve requirement   | 12%           | As Approved by the Department of Financial Services (Formally the Insurance Department)   |
| Paid claims CY  | \$ 28,869,504 | From Section I, Col B, Line 4 below<br>From Section I, Col C, Line 4 below. Includes expenses on claims reported and not yet paid, and expenses on claims incurred but not yet reported |
| Unpaid claims PY  | \$ 2,657,286  |   |
| Result  | \$ 3,574,393  |   |
| Total Claim Payable Per Actuary - Hospital and Medical Claims | \$ 2,726,944  | Includes expenses on claims reported and not yet paid, and expenses on claims incurred but not yet reported   |
| Total Claims Payable Per Actuary - Drug Claims                | 22903         | Includes expenses on claims reported and not yet paid, and expenses on claims incurred but not yet reported   |
| Total Claims Payable Per Actuary - Other                      | 0             | Includes expenses on claims reported and not yet paid, and expenses on claims incurred but not yet reported   |
| Total Claims Payable Per Actuary                              | \$ 2,749,847  | To be reported on page NY 3 Line 1.1  |
| Total Additional Amount Required by Section 4706(a)(1)        | \$ 824,546    | To be reported on Page NY 3 Line 1.2  |
| Total Claims Payable  | \$ 3,574,393  | To be reported on Page NY 3 line 1.3  |

SECTION I — CLAIMS INCURRED

| A  | B                | C                 | D                   | E                                  |
|--|------------------|-------------------|---------------------|------------------------------------|
| Description of Claims                      | Paid During Year | Unpaid Prior Year | Unpaid Current Year | Incurred This Year*<br>(B - C + D) |
| 1. Hospital & Medical Claims - Per Actuary | 21,711,019       | 2,497,096         | 2,726,944           | 21,940,867                         |
| 2. Drug Claims - Per Actuary               | 7,158,485        | 160,190           | 22,903              | 7,021,198                          |
| 3. Other - Per Actuary                     | -                | -                 | -                   | -                                  |
| 4. Total                                   | 28,869,504       | 2,657,286         | 2,749,847           | 28,962,065                         |

\*Must equal hospital and medical expenses accrued and unpaid which are reported on Report #2, Line18.

SECTION II — ANALYSIS OF UNPAID CLAIMS — CURRENT FISCAL YEAR

| A  | B  | C                                 | D  |
|--|--|-----------------------------------|--|
| Description of Claims                      | Reported Claims in Process of Adjustment | Estimated Incurred but Unreported | Total—Claims Payable*<br>(Columns B + C) |
| 1. Hospital & Medical Claims - Per Actuary | 369,664                                  | 2,357,280                         | 2,726,944                                |
| 2. Drug Claims - Per Actuary               | -  | 22,903                            | 22,903                                   |
| 3. Other - Per Actuary                     | -  | -                                 | -  |
| 4. Total                                   | 369,664                                  | 2,380,183                         | 2,749,847                                |

\* Must equal Section 1, Col. D.

SECTION III — ANALYSIS OF UNPAID CLAIMS — PREVIOUS FISCAL YEAR

| A                            | Claims Paid During the Year*                  |   | Claims Unpaid at End of Current Year Viz: Estimated Liability at End of Current Year |   | F<br>Total Claims Paid During the Year and Claims Unpaid at End of Current Year on Claims Incurred in Prior Years (B + D) | G**<br>Estimated Liability of Unpaid Claims at End of Previous Year | H<br>Amount Unpaid Claims is Over or (Under) Reserved |
|------------------------------|---|---|--|---|---|---|---|
|                              | B<br>On Claims Incurred Prior to Current Year | C<br>On Claims Incurred During the Year | D<br>On Claims Unpaid at End of Previous Year  | E<br>On Claims Incurred During the Year |   |   |   |
| 1. Hospital & Medical Claims | 1,887,036                                     | 19,823,983                              | 32,227   | 2,694,717                               | 1,919,263   | 2,497,096   | 577,833   |
| 2. Drug Claims               | 141,054                                       | 7,017,431                               | -  | 22,903                                  | 141,054   | 160,190   | 19,136  |
| 3. Other                     | -   | -                                       | -  | -                                       | -   | -   | -   |
| 4. TOTAL                     | 2,028,090                                     | 26,841,414                              | 32,227   | 2,717,620                               | 2,060,317   | 2,657,286   | 596,969   |

\* Must equal Section 1, Col. B.

\*\* Must equal Section 1, Col. C.

NOTE: The sum of the amounts reported on Line 4, Column D+E must equal the amount reported on Schedule F, Section II, Line 4, Column D.

NOTE: All three sections must be reported on a fiscal year basis.





N.Y. SCHEDULE H — FIVE-YEAR HISTORICAL DATA

| A  | B<br>Current Year<br>2013 | C<br>2012  | D<br>2011  | E<br>2010 | F<br>2009 |
|--|---------------------------|------------|------------|-----------|-----------|
| <b>BALANCE SHEET ITEMS (Page 2, 3)</b>   |                           |            |            |           |           |
| 1. Total Assets  | 11,135,054                | 7,708,613  | 4,320,054  | 1,441,811 | -         |
| 2. Total Liabilities   | 4,086,171                 | 3,082,421  | 3,070,435  | -         | -         |
| 3. Contingency Reserve   | 1,725,384                 | 1,428,777  | 1,289,746  | 1,223,736 | -         |
| 4. Total Net Worth   | 7,048,883                 | 4,626,192  | 1,249,619  | 1,441,811 | -         |
| <b>INCOME STATEMENT ITEMS (Page 4)</b>   |                           |            |            |           |           |
| 5. Net Premium Income  | 34,507,671                | 28,575,531 | 25,794,917 | 1,441,099 | -         |
| 6. Total Revenues  | 34,664,105                | 28,688,765 | 25,968,215 | 1,441,944 | -         |
| 7. Total Hospital and Medical expenses   | 27,969,174                | 24,022,732 | 24,965,572 | 133       | -         |
| 8. Total Administration expenses   | 1,873,777                 | 1,384,161  | 1,194,835  | -         | -         |
| 9. Net Income  | 4,669,374                 | 3,178,173  | (192,192)  | 1,441,811 | -         |
| 10. Member Months  | 61,063                    | 53,375     | 52,873     | 0         | 0         |
| 11. Net Premium Income (PMPM)  | 565.12                    | 535.37     | 487.87     | #DIV/0!   | #DIV/0!   |
| 12. Total Revenues(PMPM)   | 567.68                    | 537.49     | 491.14     | #DIV/0!   | #DIV/0!   |
| 13. Total Hospital And Medical Expenses (PMPM)   | 458.04                    | 450.07     | 472.18     | #DIV/0!   | #DIV/0!   |
| 14. Total Administration Expenses (PMPM)   | 30.69                     | 25.93      | 22.60      | #DIV/0!   | #DIV/0!   |
| 15. Net Income (PMPM)  | 76.47                     | 59.54      | (3.63)     | #DIV/0!   | #DIV/0!   |
| <b>FORMULAS</b>  |                           |            |            |           |           |
| 16. Other Invested Assets/Total Assets   | 0.00                      | 0.00       | 0.00       | 0.00      | 0.00      |
| 17. Total Hospital and Medical Expenses /<br>Net Premium IncomePremium                       | 0.81                      | 0.88       | 0.97       | 0.00      | 0.00      |
| 18. Total Administration Expenses / Total Revenues   | 0.05                      | 0.05       | 0.05       | 0.00      | 0.00      |
| <b>UNPAID CLAIMS ANALYSIS</b>  |                           |            |            |           |           |
| 19. Total Claims Paid During the Year etc.<br>(From Schedule F, Section III, Col. F, Line 4) | 2,060,317                 | 1,764,389  | -          | -         | -         |
| 20. Estimated Liability of Unpaid Claims— Previous Year                                      | 2,657,286                 | 3,043,382  | -          | -         | -         |

SCHEDULE I-1 — PARTICIPATING MUNICIPAL CORPORATIONS (OR SCHOOL DISTRICTS)

| A  | B<br>Prior<br>Year End | C<br>1st Quarter | D<br>2nd Quarter | E<br>3rd Quarter | F<br>4th Quarter |
|--|------------------------|------------------|------------------|------------------|------------------|
| Number of Participating Municipal Corporations | 15                     | 15               | 15               | 15               | 15               |

SCHEDULE I-2 — EMPLOYEES AND RETIREES OF THE MUNICIPAL CORPORATION ENROLLED (OR SCHOOL DISTRICTS)

| A   | B<br>Prior<br>Year End | C<br>1st Quarter | D<br>2nd Quarter | E<br>3rd Quarter | F<br>4th Quarter |
|---|------------------------|------------------|------------------|------------------|------------------|
| Number of employees and retirees enrolled | 2,002                  | 2,282            | 2,284            | 2,284            | 2,288            |

SCHEDULE I-3 — ENROLLMENT DATA (Participants)

| A                             | B<br>Prior<br>Year End | C<br>1st Quarter | D<br>2nd Quarter | E<br>3rd Quarter | F<br>4th Quarter |
|-------------------------------|------------------------|------------------|------------------|------------------|------------------|
| Number of total lives covered | 53,375                 | 15,356           | 15,255           | 15,240           | 15,212           |



SCHEDULE K —CALCULATION OF SURPLUS PER SECTION 4706(a)(5)

|  | Current Year |
|--|--------------|
| 1. Number of participating Municipal Corporations                  | 15           |
| 2. Number of enrolled members                                      | 2,288        |
| 3. Percentage used to calculate the Surplus per Section 4706(a)(5) | 5%           |
| 4. Net premium income  | 34,507,671   |
| 5. Surplus per Section 4706(a)(5)                                  | 1,725,384    |

OVERFLOW PAGE FOR WRITE-INS

|   | Current Year<br>1<br>Total | Previous Year *<br>2<br>Total | Current Year<br>3<br>PMPM | Previous Year *<br>4<br>PMPM |
|---|----------------------------|-------------------------------|---------------------------|------------------------------|
| Page NY 2<br>DETAILS OF ADDITIONAL WRITE-INS AGGREGATED AT<br>ITEM 8 FOR INVESTED ASSETS                    |                            |                               |                           |                              |
| 0806. _____   |                            |                               | xxx                       | xxx                          |
| 0807. _____   |                            |                               | xxx                       | xxx                          |
| 0808. _____   |                            |                               | xxx                       | xxx                          |
| 0809. _____   |                            |                               | xxx                       | xxx                          |
| 0810. _____   |                            |                               | xxx                       | xxx                          |
| 0898. TOTALS (Items 0806 thru 0810)   | -                          | -                             | xxx                       | xxx                          |
| Page NY 2<br>DETAILS OF ADDITIONAL WRITE-INS AGGREGATED AT<br>ITEM 16 FOR OTHER THAN INVESTED ASSETS        |                            |                               |                           |                              |
| 1606. _____   |                            |                               | xxx                       | xxx                          |
| 1607. _____   |                            |                               | xxx                       | xxx                          |
| 1608. _____   |                            |                               | xxx                       | xxx                          |
| 1609. _____   |                            |                               | xxx                       | xxx                          |
| 1610. _____   |                            |                               | xxx                       | xxx                          |
| 1698. TOTALS (Items 1606 thru 1610)   | -                          | -                             | xxx                       | xxx                          |
| Page NY 3<br>DETAILS OF ADDITIONAL WRITE-INS AGGREGATED AT<br>ITEM 10 FOR OTHER LIABILITIES                 |                            |                               |                           |                              |
| 1006. _____   |                            |                               | xxx                       | xxx                          |
| 1007. _____   |                            |                               | xxx                       | xxx                          |
| 1008. _____   |                            |                               | xxx                       | xxx                          |
| 1009. _____   |                            |                               | xxx                       | xxx                          |
| 1010. _____   |                            |                               | xxx                       | xxx                          |
| 1098. TOTALS (Items 1006 thru 1010)   | -                          | -                             | xxx                       | xxx                          |
| Page NY 3<br>DETAILS OF ADDITIONAL WRITE-INS AGGREGATED AT<br>ITEM 15 FOR CURRENT LIABILITIES               |                            |                               |                           |                              |
| 1506. _____   |                            |                               | xxx                       | xxx                          |
| 1507. _____   |                            |                               | xxx                       | xxx                          |
| 1508. _____   |                            |                               | xxx                       | xxx                          |
| 1509. _____   |                            |                               | xxx                       | xxx                          |
| 1510. _____   |                            |                               | xxx                       | xxx                          |
| 1598. TOTALS (Items 1506 thru 1510)   | -                          | -                             | xxx                       | xxx                          |
| Page NY 3<br>DETAILS OF ADDITIONAL WRITE-INS AGGREGATED AT<br>ITEM 17 FOR SPECIAL SURPLUS FUNDS             |                            |                               |                           |                              |
| 1706. _____   |                            |                               | xxx                       | xxx                          |
| 1707. _____   |                            |                               | xxx                       | xxx                          |
| 1708. _____   |                            |                               | xxx                       | xxx                          |
| 1709. _____   |                            |                               | xxx                       | xxx                          |
| 1710. _____   |                            |                               | xxx                       | xxx                          |
| 1798. TOTALS (Items 1706 thru 1710)   | -                          | -                             | xxx                       | xxx                          |
| Page NY 4<br>DETAILS OF ADDITIONAL WRITE-INS AGGREGATED AT<br>ITEM 4 FOR OTHER HEALTH CARE RELATED REVENUES |                            |                               |                           |                              |
| 0406. _____   |                            |                               | -                         | -                            |
| 0407. _____   |                            |                               | -                         | -                            |
| 0408. _____   |                            |                               | -                         | -                            |
| 0409. _____   |                            |                               | -                         | -                            |
| 0410. _____   |                            |                               | -                         | -                            |
| 0498. TOTALS (Items 0406 thru 0410)   | -                          | -                             | -                         | -                            |
| Page NY 4<br>DETAILS OF ADDITIONAL WRITE-INS AGGREGATED AT<br>ITEM 13 FOR OTHER HOSPITAL AND MEDICAL        |                            |                               |                           |                              |
| 1306. _____   |                            |                               | -                         | -                            |
| 1307. _____   |                            |                               | -                         | -                            |
| 1308. _____   |                            |                               | -                         | -                            |
| 1309. _____   |                            |                               | -                         | -                            |
| 1310. _____   |                            |                               | -                         | -                            |
| 1398. TOTALS (Items 1306 thru 1310)   | -                          | -                             | -                         | -                            |
| Page NY 4<br>DETAILS OF ADDITIONAL WRITE-INS AGGREGATED AT<br>ITEM 15 FOR OTHER EXPENSES                    |                            |                               |                           |                              |
| 1506. _____   |                            |                               | -                         | -                            |
| 1507. _____   |                            |                               | -                         | -                            |
| 1508. _____   |                            |                               | -                         | -                            |
| 1509. _____   |                            |                               | -                         | -                            |
| 1510. _____   |                            |                               | -                         | -                            |
| 1598. TOTALS (Items 1506 thru 1510)   | -                          | -                             | -                         | -                            |
| Page NY 4<br>DETAILS OF ADDITIONAL WRITE-INS AGGREGATED AT<br>ITEM 20.8 FOR OTHER ADMINISTRATIVE EXPENSES   |                            |                               |                           |                              |
| 20.806. _____   |                            |                               | -                         | -                            |
| 20.807. _____   |                            |                               | -                         | -                            |
| 20.808. _____   |                            |                               | -                         | -                            |
| 20.809. _____   |                            |                               | -                         | -                            |
| 20.810. _____   |                            |                               | -                         | -                            |
| 20.898. TOTALS (Items 20.806 thru 20.810)   | -                          | -                             | -                         | -                            |
| Page NY 4<br>DETAILS OF ADDITIONAL WRITE-INS AGGREGATED AT<br>ITEM 27 FOR OTHER INCOME OR EXPENSES          |                            |                               |                           |                              |
| 2706. _____   |                            |                               | -                         | -                            |
| 2707. _____   |                            |                               | -                         | -                            |
| 2708. _____   |                            |                               | -                         | -                            |
| 2709. _____   |                            |                               | -                         | -                            |
| 2710. _____   |                            |                               | -                         | -                            |
| 2798. TOTALS (Items 2706 thru 2710)   | -                          | -                             | -                         | -                            |

\* As reported on Prior Year End filed Annual Statement.

OVERFLOW PAGE FOR WRITE-INS

|   | Current Year |  | Previous Year * |  |
|---|--------------|--|-----------------|--|
|   | 1            |  | 2               |  |
|   | Total        |  | Total           |  |
| Page NY5<br>DETAILS OF ADDITIONAL WRITE-INS AGGREGATED AT<br>ITEM 46 FOR CHANGES IN OTHER NET WORTH ITEMS |              |  |                 |  |
| 4606. _____   |              |  |                 |  |
| 4607. _____   |              |  |                 |  |
| 4608. _____   |              |  |                 |  |
| 4609. _____   |              |  |                 |  |
| 4610. _____   |              |  |                 |  |
| 4698. TOTALS (Items 4606 thru 4610)   | -            |  | -               |  |
| Page NY5<br>DETAILS OF ADDITIONAL WRITE-INS AGGREGATED AT<br>ITEM 47 FOR GAINS OR (LOSSES) IN SURPLUS     |              |  |                 |  |
| 4706. _____   |              |  |                 |  |
| 4707. _____   |              |  |                 |  |
| 4708. _____   |              |  |                 |  |
| 4709. _____   |              |  |                 |  |
| 4710. _____   |              |  |                 |  |
| 4798. TOTALS (Items 4706 thru 4710)   | -            |  | -               |  |

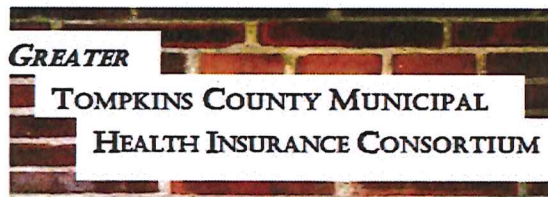
\* As reported on Prior Year End filed Annual Statement.











Municipalities building a  
stable insurance future.

125 East Court Street  
Ithaca, NY 14850  
607-274-5590  
INFO: [consortium@twcny.rr.com](mailto:consortium@twcny.rr.com)  
[www.tompkins-co.org/healthconsortium](http://www.tompkins-co.org/healthconsortium)

November 8, 2013

Ms. Adrian Pope  
Insurance Examiner  
New York State Department of Financial Services  
Health Bureau  
25 Beaver Street  
New York, NY 10004

Dear Ms. Pope:

This letter is being sent to address the New York State Department of Financial Services of the Greater Tompkins County Municipal Health Insurance Consortium's use of a 12% factor for calculating the Consortium's incurred but not reported (IBNR) and incurred but not paid (IBNP) claims liability reserve. As you are acutely aware, §4706(a)(1) of the New York State Insurance Law requires the Consortium to establish this particular reserve in accordance with the following definition:

***(a) Notwithstanding any provision of law, the governing board of a municipal cooperative health benefit plan shall establish a reserve fund, and the plan's chief fiscal officer shall cause to be paid into the reserve fund the amounts necessary to satisfy all contractual obligations and liabilities of the plan, including:***

***(1) a reserve for payment of claims and expenses thereon reported but not yet paid, and claims and expenses thereon incurred but not yet reported which shall not be less than an amount equal to twenty-five percent of expected incurred claims and expenses thereon for the current plan year, unless a qualified actuary has demonstrated to the superintendent's satisfaction that a lesser amount will be adequate;***

As you are aware, the Greater Tompkins County Municipal Health Insurance Consortium was the first and remains the only Municipal Cooperative Health Benefits Plan to be formed and receive its Certificate of Authority under Article 47 of the New York State Insurance Law since the Law's enactment in 1993. As a result, much of what was undertaken by the Consortium and the New York State Department of Financial Services during the formation of the Consortium involved a collaborative effort to work through the requirements of Article 47 for a "start-up" Consortium.

One of the major areas of discussion involved the amount of and development of the required reserves. It was the contention of the representatives from the Greater Tompkins County Municipal Health Insurance Consortium that the reserve levels needed to be reasonable, prudent, but not excessive. In addition, it was the opinion of the Consortium that the reserves could be developed in the first year of the Consortium's operations as authorized by §4704(a)(7) as follows:

***(7) the municipal cooperative health benefit plan establishes premium equivalent rates sufficient to meet its contractual obligations and to satisfy the reserve and surplus requirements set forth in section four thousand seven hundred six of this article;***



The discussions regarding the development of the reserves was a major issue for the Consortium as the Participating Municipalities were not in a position to invest significant dollars into the Consortium above and beyond their premium payments.

After a number of conference calls and meetings it was agreed that the Consortium’s financial plan submitted with its application would include an initial assessment to all Participating Municipalities to “seed” the Surplus Account as required by §4706(a)(5)(A) of the New York State Insurance Law. In addition, it was agreed that the financial projections and models to be developed and submitted for consideration by the Consortium would include an IBNR/IBNP Reserve equal to 12% of expected incurred claims for the year in accordance with §4706(a)(1) of the New York State Insurance Law.

The above understanding was clearly noted in the Greater Tompkins County Municipal Health Insurance Consortium’s Article 47 Application in Exhibit D and in the financial reports attached the Application. It is the position of the Greater Tompkins County Municipal Health Insurance Consortium that the approval of the Article 47 Application and the issuance of the Certificate of Authority represented the New York State Department of Financial Services approval of the 12% IBNR/IBNP Liability Reserve Factor.

Since this initial decision, the Consortium has continued to use this same 12% IBNR/IBNP Liability Reserve Factor even though the actual results have proven it to be a conservative approach. In fact, when we review the paid claims results for services rendered in 2011, we show 7.21% of the total incurred claims were paid in 2012 and -0.09% was paid in 2013. Please refer to the following chart for a summary of this information:

|                          | <i>Incurred 2011<br/>Paid 2011</i> | <i>Incurred 2011<br/>Paid 2012</i> | <i>Incurred 2011<br/>Paid 2013</i> | <i>Total Incurred<br/>2011</i> | <i>Total Paid<br/>2011</i> |
|--------------------------|------------------------------------|------------------------------------|------------------------------------|--------------------------------|----------------------------|
| <i>Hospital/Medical</i>  | \$15,750,814.63                    | \$1,582,912.29                     | -\$21,706.53                       | \$17,312,020.39                | \$15,750,814.63            |
| <i>Prescription Drug</i> | \$6,465,217.00                     | \$141,401.00                       | \$0.00                             | \$6,606,618.00                 | \$6,465,217.00             |
| <i>Total</i>             | \$22,216,031.63                    | \$1,724,313.29                     | -\$21,706.53                       | \$23,918,638.39                | \$22,216,031.63            |
| <i>Percent of Total</i>  | 92.88%                             | 7.21%                              | -0.09%                             |                                |                            |

The results for 2012 are showing similar results to 2011 with 8.09% of the total incurred claims for 2012 being paid in 2013. This data is through September 30, 2013 and may change slightly as there was a total of \$2,888.70 in paid claims reimbursed in September 2013 which were related to claims incurred in 2012. For a summary of the 2012 incurred claims data, please refer to the following:

|                          | <i>Incurred 2012<br/>Paid 2012</i> | <i>Incurred 2012<br/>Paid 2013</i> | <i>Incurred 2012<br/>Paid 2014</i> | <i>Total Incurred<br/>2012</i> | <i>Total Paid<br/>2012</i> |
|--------------------------|------------------------------------|------------------------------------|------------------------------------|--------------------------------|----------------------------|
| <i>Hospital/Medical</i>  | \$16,357,266.91                    | \$1,914,255.32                     |                                    | \$18,271,522.23                | \$17,940,179.20            |
| <i>Prescription Drug</i> | \$6,987,849.00                     | \$141,054.00                       |                                    | \$7,128,903.00                 | \$7,129,250.00             |
| <i>Total</i>             | \$23,345,115.91                    | \$2,055,309.32                     | \$0.00                             | \$25,400,425.23                | \$25,069,429.20            |
| <i>Percent of Total</i>  | 91.91%                             | 8.09%                              | 0.00%                              |                                |                            |

Ms. Adrian Pope, Insurance Examiner  
New York State Department of Financial Services  
November 8, 2013

In summation, we respectfully advise you that we do not possess a letter from the New York State Department of Financial Services authorizing the use of the 12% IBNR/IBNP Liability Reserve Factor. Instead, we hereby request that the Department review the Article 47 Application for the Consortium which includes this information and we ask the Department to consider the information contained in this letter.

We hope this information is sufficient for your needs in addressing the questions regarding the Greater Tompkins County Municipal Health Insurance Consortium's use of the 12% IBNR/IBNP Liability Reserve Factor. We thank you for your time and consideration of this information. As always, we are available to answer any questions you may have regarding this information or any issues that relate to the Greater Tompkins County Municipal Health Insurance Consortium.

Respectfully Submitted,



Don Barber  
Chairperson, GTCMHIC  
Supervisor, Town of Caroline



# **Greater Tompkins County Municipal Health Insurance Consortium**

## **Actuarial Review of Outstanding Claim Liabilities as of December 31, 2013**

*Confidential*

**Prepared by: Aquarius Capital Solutions Group LLC**  
**Date: April 8, 2014**

# Table of Contents

|   |           |
|---|-----------|
| <b>Introduction</b>   | <b>1</b>  |
| Background  | 1         |
| Plan Administration   | 2         |
| Limitations   | 2         |
| Data Reliance   | 2         |
| <br>  |           |
| <b>Summary of Results and Methodology</b>                     | <b>3</b>  |
| Article 47 Incurred But Unpaid Reserves                       | 3         |
| Methodology   | 4         |
| <br>  |           |
| <b>Attachments</b>  | <b>6</b>  |
| Attachment 1 – Outstanding Claim Liability Summary            | 7         |
| Attachment 2 – Medical Incurred Claims and Reserve Estimates  | 8         |
| Attachment 3 – Pharmacy Incurred Claims and Reserve Estimates | 9         |
| Attachment 4 – NY Schedule F Claims Payable Reconciliation    | 10        |
| <br>  |           |
| <b>Appendices</b>   | <b>11</b> |
| Appendix A – Statement of Actuarial Opinion                   | 12        |

## **Introduction**

### **Background**

The Greater Tompkins County Municipal Health Insurance Consortium (the Consortium) has retained Aquarius Capital Solutions Group, LLC (Aquarius) to conduct an independent actuarial review of the Consortium's outstanding claim liabilities for its self-funded medical and prescription drug plan as of December 31, 2013 as required by Article 47 of the New York State Insurance Law.

This law, called the Municipal Cooperative Health Benefits Plan Law, requires health benefits plans to obtain a Certificate of Authority from the Superintendent of Insurance (the Superintendent of Financial Services as of October 3, 2011) and execute municipal cooperation agreements with the participants of the Consortium. One of the requirements of Article 47 is that the Consortium obtains "a qualified actuary's opinion relating to loss reserves, provision for experience rating refunds, and any other actuarial items."

This Actuarial Memorandum describes the analysis done in support of the Statement of Opinion contained herein in Appendix A regarding the Consortium's outstanding claim liabilities as of December 31, 2013. Actuarial methods, considerations, and analyses used in forming this opinion conform to the relevant Standards of Practice as promulgated from time to time by the Actuarial Standards Board, which standards form the basis of this statement of opinion.

The Consortium, originally comprised of thirteen (13) member participants, received its Certificate of Authority effective October 1, 2010, however did not start collecting premiums and paying claims until January 1, 2011. Effective January 1, 2013, the Consortium added two (2) new member participants. As of December 2013, the Consortium covers approximately 2,300 employees and 5,100 member lives. The original thirteen participants along with the two new participants effective January 1, 2013 included in this valuation as of the valuation date include:

- |                            |                               |
|----------------------------|-------------------------------|
| o – County of Tompkins     | o – City of Ithaca            |
| o – Town of Caroline       | o – Town of Ithaca            |
| o – Town of Danby          | o – Town of Ulysses           |
| o – Town of Dryden         | o – Village of Cayuga Heights |
| o – Town of Enfield        | o – Village of Dryden         |
| o – Town of Groton         | o – Village of Groton         |
| o – Village of Trumansburg | o – City of Cortland (new)    |
| o – Town of Lansing (new)  |                               |

## Plan Administration

The self-funded plan provides comprehensive health care benefits including coverage for expenses related to:

- inpatient hospital stays;
- treatment provided in an outpatient hospital setting;
- professional medical services (i.e., physician charges);
- hospice and skilled nursing facility charges;
- home health care;
- diagnostic X-ray and laboratory services; and
- prescription drugs.

Excellus Blue Cross Blue Shield of the Central New York Region (Excellus) administers all medical claims on behalf of the Consortium and its members. Effective January 1, 2013, ProAct, a third party pharmacy benefits manager (PBM), administers all prescription drug claims on behalf of the Consortium. Prior to January 1, 2013, Medco/Express Scripts administered the prescription drug claims for the Consortium.

## Limitations

This Actuarial Memorandum is for the internal use of the Consortium, its consultant Locey & Cahill, LLC, its financial auditors in connection with its audit, and the New York State Department of Financial Services (DFS) in connection with its statutory annual statement filing. This memo and all attachments contained herein may include proprietary information and, as such, should be considered a confidential document and not distributed to any other external party without the written consent of Aquarius. If Aquarius consents to distribution of this product it must be provided in its entirety and the party be advised to have an actuary review the work.

This report is provided to the Consortium for the purpose of meeting New York State DFS requirements governing Annual Statement filings and Actuarial Statement of Opinions. Information in this report may not be appropriate to use for other purposes. Aquarius does not intend to benefit from the overall results of the report and we assume no duty, liability or obligation to parties that use this work for other reasons other than its stated intention.

## Data Reliance

In our review, we have relied on the experience data and other information provided by the Consortium and Locey & Cahill. We have not audited or verified the accuracy of the experience data and other information. Our understanding is that claims experience includes cost amounts for New York State assessments (e.g., HCRA covered lives, etc.). If the underlying data or information is inaccurate or incomplete, the results of our analysis may likewise be inaccurate or incomplete.

Summary of Results and Methodology

Article 47 Incurred But Unpaid Reserves

As of December 31, 2013, the Consortium established \$3,574,393 incurred but unpaid (IBNP) claim reserve liability in accordance with Section 4706(1) of Article 47 of the New York State Insurance Law. The table below summarizes the estimates which are also contained in Attachment 1 at the end of this report.

| Category  | Source        | Aquarius Capital Model Estimates <sup>(2)</sup> |             |              | GTCMHIC<br>IBNP <sup>(1)</sup> |
|---|---------------|---|-------------|--------------|--------------------------------|
|   |               | Medical   | Pharmacy    | Total        |                                |
| 1. Calculated (IBNP)                                  | [Attach 2, 3] | \$2,434,772                                     | \$20,449    | \$2,455,221  |                                |
| 2. Provision for Adverse Deviation <sup>(3)</sup>     | [(1) x 10%]   | \$243,477                                       | \$2,045     | \$245,522    |                                |
| 3. Provision for Claim Settlement Exp. <sup>(4)</sup> | [(1) x 2%]    | \$48,695  | \$409       | \$49,104     |                                |
| 4. Claim Liability as of 12/31/2013                   | [(1)+(2)+(3)] | \$2,726,944                                     | \$22,903    | \$2,749,847  | \$3,574,393                    |
| 5. CY2013 Incurred Claims                             | [Attach 4]    | \$21,940,867                                    | \$7,021,198 | \$28,962,065 | \$29,786,611                   |
| 6. Liability as % of Incurred Claims                  | [(4) / (5)]   |   |             | 9.5%         | 12.0%                          |

<sup>1</sup> The Consortium has reached agreement with the Superintendent of Financial Services to hold IBNP reserves equivalent to 12% of annual medical and pharmacy *incurred* claims per NY Schedule F. See Attachment 4.

<sup>2</sup> Aquarius Capital model estimates determined using actuarial methods (i.e., age-to-age completion factor development “chain ladder” method). Methodology is described further below. Month-by-month incurred & paid claims, completion factors and estimated incurred claims for both medical and pharmacy claims can be found in Attachments 2 and 3.

<sup>3</sup> Provision for Adverse Deviation (PAD) reflects margin for claim fluctuations and is based on 10% of calculated IBNP claim reserves.

<sup>4</sup> Provision Claim Settlement Expense is based on 2% of calculated IBNP claim reserves.

These reserves are sufficient to meet the Consortium’s outstanding obligations and are in compliance with the terms of the Consortium’s Certificate of Authority in the aggregate. All actuarial computations were prepared in accordance with generally accepted actuarial principles and practices with reliance on the accuracy and completeness of the information provided for this purpose.

The ultimate solvency of a health benefit plan cannot be determined until its history unfolds. No one can predict with precision the increase in medical costs and the rate at which claims are reported or paid. A reasonable approximation of the true cost can be provided through actuarial estimates. As actual experience emerges, the continued appropriateness of the techniques and assumptions employed should be examined, with modifications made as judged necessary.

## Methodology

The major reserve liability generated by a medical plan is the “incurred but not paid” (IBNP) claims liability. The IBNP liability represents the dollar amount that will be paid for claims that have been incurred (i.e., for which services have been rendered) prior to the measurement date of December 31, 2013, but for which payment will not be made until after the measurement date. This liability includes claims that have been incurred but not reported plus claims that have been reported but not paid.

The Department of Financial Services recommends that Municipal Cooperative Health Benefit Plans determine IBNP claim reserves separately for hospital/medical claims and pharmacy claims. For hospital/medical claims, the IBNP reserve should be set at an amount reflecting application of actuarial methods and principals including a ten-percent (10%) margin for claim fluctuations, but no lower than seventeen-percent (17%) of incurred hospital/medical claims and related expenses. For prescription drug claims, the IBNP reserve should be set at an amount reflecting application of actuarial methods and principals including a ten-percent (10%) margin for claim fluctuations, but no lower than five-percent (5%) of incurred pharmacy claims and related expenses.

These requirements hold unless “a qualified actuary has demonstrated to the Superintendent that a lesser amount will be adequate”. The Consortium has provided such demonstration to the Superintendent of Financial Services in the 2011 fiscal year (calendar year 2011). Henceforth, the Superintendent of Financial Services has agreed that the Consortium need only hold reserves for its IBNP liability equal to or greater than twelve-percent (12%) of expected medical and pharmacy incurred claims combined. The balance of this section summarizes the approach used to assess the adequacy of the IBNP reserve held by the Consortium as of December 31, 2013 of \$3,574,393.

While the ultimate amount of claims that will be paid out cannot be determined until history unfolds, a reasonable approximation can be provided through actuarial estimates, based on past claims payment patterns. Monthly paid claims for medical and pharmacy data split by month of incurral from Excellus, Express Scripts/Medco, and ProAct was provided by the Consortium’s consultant Locey & Cahill, LLC for *dates of service* between January 1, 2011 through December 31, 2013 and *paid dates* between January 1, 2011 through January 31, 2014.

Estimates of the December 31, 2013 unpaid claims liabilities were obtained through the use of Aquarius’s reserving model. This model utilizes loss development triangles to develop completion factors whereby age-to-age development factors are calculated (i.e., “chain ladder method”). These completion factors represent the percentage of claims incurred in a given month that are paid in that month, the following month, etc. These factors are then applied to the cumulative claims paid for each month of incurral to estimate the total incurred claims in the month. Completion factors were developed for medical claims and prescription drug claims separately as the two services complete with differing patterns.



The final set of completion factors are used to calculate ultimate incurred claim estimates for each month of incurral from January 2011 through December 2013. The incurred, but unpaid reserve estimates for each month of incurral are calculated as the difference between ultimate incurred claims and claims incurred and paid for the month as of the valuation date. Claims paid during January 2014 are “added-back” to arrive at final December 31, 2013 reserve estimates. Attachments 2 and 3 contain the detail of this calculation for medical and pharmacy incurred claim cost estimates.

Because the calculation of incurred but unpaid claim liabilities described above provides a “best estimate” of the true liabilities that will emerge, a margin for conservatism to account for volatility and fluctuations in the claims activity is appropriate. These margins vary in practice and are, in part, discretionary. Aquarius estimates include a ten-percent (10%) margin or Provision for Adverse Deviation (PAD). While the exact amount of the margin is subject to judgment, it is recommended that these margins be consistent from year to year.

A provision for claim settlement expenses is also typically appropriate. This amount represents the expense attributable to payment of incurred but unpaid claims. Aquarius estimates include a 2% assumption for administration costs associated with paying reserve claims applied to the IBNP. Attachment 1 illustrates the Aquarius calculated IBNP components for both medical claims and pharmacy claims along with a comparison to the Consortium’s “booked” IBNP based on twelve-percent (12%) of medical and pharmacy incurred claims.

Based on the results of Aquarius’s reserve calculations using actuarial methods, the total IBNP, including margins described above, as of December 31, 2013 represents approximately 9.5% of annual incurred medical and pharmacy claims for 2013. In light of these results, the reserves held by the Consortium for claims that have been incurred but unpaid as of December 31, 2013 are sufficient to satisfy the Consortium’s obligations.

**Attachments**

| <b><u>Attachment</u></b> | <b><u>Page</u></b> | <b><u>Description</u></b>   |
|--------------------------|--------------------|---|
| 1                        | 7                  | <i>Total Outstanding Claim Liability</i> summarizes Aquarius estimated total claim liabilities compared to amounts held by Consortium.  |
| 2                        | 8                  | <i>Monthly Medical Incurred Claims and Reserve Estimates</i> illustrates Aquarius estimates of monthly incurred claim cost and incurred but unpaid reserves through December 31, 2013 for medical services.   |
| 3                        | 9                  | <i>Monthly Pharmacy Incurred Claims and Reserve Estimates</i> illustrates Aquarius estimates of monthly incurred claim cost and incurred but unpaid reserves through December 31, 2013 for pharmacy services. |
| 4                        | 10                 | <i>NY Schedule F – Claims Payable Analysis</i> provides a reconciliation to Schedule F of the Consortium’s annual statement filing.   |

Attachment 1

Greater Tompkins County Municipal Health Insurance Consortium

Self-Funded Medical and Pharmacy Plan

Outstanding Claim Liability Estimate as of December 31, 2013

| Category   | Source         | Aquarius Capital Model Estimates |              |               | GTCMHIC       |
|--|----------------|----------------------------------|--------------|---------------|---------------|
|  |                | Medical                          | Pharmacy     | Total         | Booked IBNP * |
| 1. Calculated IBNP - Age to Age Completion Factors       | [Attach. 2, 3] | \$ 2,434,772                     | \$ 20,449    | \$ 2,455,221  |               |
| 2. Provision for Adverse Deviation at 10% of IBNP        | [(1) x (10%)]  | \$ 243,477                       | \$ 2,045     | \$ 245,522    |               |
| 3. Provision for Claim Settlement Expenses at 2% of IBNP | [(1) x (2%)]   | \$ 48,695                        | \$ 409       | \$ 49,104     |               |
| 4. Total Outstanding Claim Liability as of 12/31/2013    | [(1)+(2)+(3)]  | \$ 2,726,944                     | \$ 22,903    | \$ 2,749,847  | \$ 3,574,393  |
| 5. Total 2013 Incurred Claims w/ Margins                 | [Attach. 4]    | \$ 21,940,867                    | \$ 7,021,198 | \$ 28,962,065 | \$ 29,786,611 |
| 6. Total Liability as a % of Incurred Claims             | [(4) / (5)]    | 9.5%                             |              |               | 12.0%         |

\* GTCMHIC Booked IBNP is calculated as 12% of medical and pharmacy incurred claims per NY Schedule F. See Attachment 4

Attachment 2  
Greater Tompkins County Municipal Health Insurance Consortium  
Monthly Incurred Claims and Reserve Estimates  
Medical

Valuation as of January 31, 2014

| [A]      | [B]    | [C]=Input   | [D]=Input | [E]=Input                                 | [F]=CF Sheet      | [G]=[E]/[F]     | [H]=Input          | [I]=[G]/[C]                    | [J]=[H]/[C]                       | [K]=[G]/[D]                | [L]=[H]/[D]                   | [M]=Input                    | [N]=[G]-[E]+[M]          |
|----------|--------|-------------|-----------|---|-------------------|-----------------|--------------------|--------------------------------|-----------------------------------|----------------------------|-------------------------------|------------------------------|--------------------------|
| Duration | Month  | Subscribers | Members   | Incurred & Paid Claims through 01/31/2014 | Completion Factor | Incurred Claims | Mature Paid Claims | Incurred Claims per Subscriber | Mature Paid Claims per Subscriber | Incurred Claims per Member | Mature Paid Claims per Member | Paid Claims Run-Out (Jan-14) | Reserve at Dec. 31, 2013 |
| 36       | Jan-11 | 1,998       | 4,366     | \$ 1,505,388                              | 1.0000            | \$ 1,505,388    | \$ 378,952         | \$ 753.45                      | \$ 189.67                         | \$ 344.80                  | \$ 86.80                      | \$ (479)                     | \$ (479)                 |
| 35       | Feb-11 | 2,003       | 4,386     | \$ 1,436,193                              | 1.0000            | \$ 1,436,193    | \$ 1,269,381       | \$ 717.02                      | \$ 633.74                         | \$ 327.45                  | \$ 289.42                     | \$ -                         | \$ -                     |
| 34       | Mar-11 | 1,991       | 4,363     | \$ 1,498,854                              | 1.0000            | \$ 1,498,854    | \$ 1,368,657       | \$ 752.81                      | \$ 687.42                         | \$ 343.54                  | \$ 313.70                     | \$ -                         | \$ -                     |
| 33       | Apr-11 | 2,002       | 4,387     | \$ 1,662,680                              | 1.0000            | \$ 1,662,680    | \$ 1,314,318       | \$ 830.51                      | \$ 656.50                         | \$ 379.00                  | \$ 299.59                     | \$ -                         | \$ -                     |
| 32       | May-11 | 2,001       | 4,391     | \$ 1,384,473                              | 1.0000            | \$ 1,384,473    | \$ 1,480,718       | \$ 691.89                      | \$ 739.99                         | \$ 315.30                  | \$ 337.22                     | \$ -                         | \$ -                     |
| 31       | Jun-11 | 2,008       | 4,421     | \$ 1,407,803                              | 1.0000            | \$ 1,407,803    | \$ 1,474,428       | \$ 701.10                      | \$ 734.28                         | \$ 318.44                  | \$ 333.51                     | \$ -                         | \$ -                     |
| 30       | Jul-11 | 2,001       | 4,418     | \$ 1,335,790                              | 1.0000            | \$ 1,335,790    | \$ 1,559,791       | \$ 667.56                      | \$ 779.51                         | \$ 302.35                  | \$ 353.05                     | \$ -                         | \$ -                     |
| 29       | Aug-11 | 2,003       | 4,423     | \$ 1,491,482                              | 0.9999            | \$ 1,491,631    | \$ 1,557,187       | \$ 744.70                      | \$ 777.43                         | \$ 337.24                  | \$ 352.07                     | \$ -                         | \$ 149                   |
| 28       | Sep-11 | 2,001       | 4,432     | \$ 1,429,239                              | 0.9998            | \$ 1,429,524    | \$ 1,303,770       | \$ 714.41                      | \$ 651.56                         | \$ 322.55                  | \$ 294.17                     | \$ -                         | \$ 286                   |
| 27       | Oct-11 | 1,998       | 4,419     | \$ 1,361,449                              | 0.9997            | \$ 1,361,858    | \$ 1,302,181       | \$ 681.61                      | \$ 651.74                         | \$ 308.18                  | \$ 294.68                     | \$ -                         | \$ 409                   |
| 26       | Nov-11 | 1,990       | 4,403     | \$ 1,477,074                              | 0.9996            | \$ 1,477,665    | \$ 1,310,367       | \$ 742.55                      | \$ 658.48                         | \$ 335.60                  | \$ 297.61                     | \$ (52)                      | \$ 539                   |
| 25       | Dec-11 | 1,989       | 4,417     | \$ 1,328,061                              | 0.9995            | \$ 1,328,725    | \$ 1,431,063       | \$ 668.04                      | \$ 719.49                         | \$ 300.82                  | \$ 323.99                     | \$ -                         | \$ 664                   |
| 24       | Jan-12 | 2,006       | 4,447     | \$ 1,430,565                              | 0.9994            | \$ 1,431,423    | \$ 1,253,109       | \$ 713.57                      | \$ 624.68                         | \$ 321.89                  | \$ 281.79                     | \$ (29)                      | \$ 829                   |
| 23       | Feb-12 | 2,003       | 4,446     | \$ 1,301,273                              | 0.9993            | \$ 1,302,184    | \$ 1,265,205       | \$ 650.12                      | \$ 631.66                         | \$ 292.89                  | \$ 284.57                     | \$ (11)                      | \$ 900                   |
| 22       | Mar-12 | 2,005       | 4,452     | \$ 1,837,874                              | 0.9990            | \$ 1,839,628    | \$ 1,424,401       | \$ 917.52                      | \$ 710.42                         | \$ 413.21                  | \$ 319.95                     | \$ -                         | \$ 1,754                 |
| 21       | Apr-12 | 2,006       | 4,452     | \$ 1,808,453                              | 0.9989            | \$ 1,810,360    | \$ 1,548,549       | \$ 902.47                      | \$ 771.96                         | \$ 406.64                  | \$ 347.83                     | \$ 85                        | \$ 1,992                 |
| 20       | May-12 | 2,003       | 4,446     | \$ 1,742,009                              | 0.9988            | \$ 1,744,020    | \$ 1,755,700       | \$ 870.70                      | \$ 876.54                         | \$ 392.27                  | \$ 394.89                     | \$ 85                        | \$ 2,096                 |
| 19       | Jun-12 | 2,005       | 4,448     | \$ 1,448,729                              | 0.9987            | \$ 1,450,547    | \$ 1,485,432       | \$ 723.46                      | \$ 740.86                         | \$ 326.11                  | \$ 333.96                     | \$ (763)                     | \$ 1,054                 |
| 18       | Jul-12 | 2,011       | 4,453     | \$ 1,531,069                              | 0.9984            | \$ 1,533,531    | \$ 1,636,737       | \$ 762.57                      | \$ 813.89                         | \$ 344.38                  | \$ 367.56                     | \$ (16,632)                  | \$ (14,170)              |
| 17       | Aug-12 | 2,009       | 4,453     | \$ 1,533,929                              | 0.9983            | \$ 1,536,549    | \$ 1,718,470       | \$ 764.83                      | \$ 855.39                         | \$ 345.06                  | \$ 385.91                     | \$ -                         | \$ 2,620                 |
| 16       | Sep-12 | 2,002       | 4,436     | \$ 1,340,831                              | 0.9982            | \$ 1,343,256    | \$ 1,767,191       | \$ 670.96                      | \$ 882.71                         | \$ 302.81                  | \$ 398.37                     | \$ 18                        | \$ 2,443                 |
| 15       | Oct-12 | 2,002       | 4,451     | \$ 1,398,004                              | 0.9980            | \$ 1,400,863    | \$ 1,444,496       | \$ 699.73                      | \$ 721.53                         | \$ 314.73                  | \$ 324.53                     | \$ (1,901)                   | \$ 959                   |
| 14       | Nov-12 | 2,006       | 4,448     | \$ 1,609,186                              | 0.9979            | \$ 1,612,639    | \$ 1,118,635       | \$ 803.91                      | \$ 557.64                         | \$ 362.55                  | \$ 251.49                     | \$ 25,785                    | \$ 29,238                |
| 13       | Dec-12 | 2,002       | 4,443     | \$ 1,276,313                              | 0.9962            | \$ 1,281,221    | \$ 1,522,253       | \$ 639.97                      | \$ 760.37                         | \$ 288.37                  | \$ 342.62                     | \$ (7,416)                   | \$ (2,507)               |
| 12       | Jan-13 | 2,288       | 5,135     | \$ 1,744,051                              | 0.9961            | \$ 1,750,933    | \$ 1,621,930       | \$ 765.27                      | \$ 708.89                         | \$ 340.98                  | \$ 315.86                     | \$ 1,110                     | \$ 7,993                 |
| 11       | Feb-13 | 2,286       | 5,116     | \$ 1,989,585                              | 0.9942            | \$ 2,001,127    | \$ 1,643,890       | \$ 875.38                      | \$ 719.11                         | \$ 391.15                  | \$ 321.32                     | \$ 1,015                     | \$ 12,557                |
| 10       | Mar-13 | 2,282       | 5,105     | \$ 1,470,936                              | 0.9941            | \$ 1,479,649    | \$ 1,688,287       | \$ 648.40                      | \$ 739.83                         | \$ 289.84                  | \$ 330.71                     | \$ 6,162                     | \$ 14,875                |
| 9        | Apr-13 | 2,285       | 5,102     | \$ 1,615,250                              | 0.9900            | \$ 1,631,565    | \$ 1,962,939       | \$ 714.03                      | \$ 859.05                         | \$ 319.79                  | \$ 384.74                     | \$ 226                       | \$ 16,542                |
| 8        | May-13 | 2,280       | 5,073     | \$ 1,868,907                              | 0.9850            | \$ 1,897,368    | \$ 1,841,625       | \$ 832.18                      | \$ 807.73                         | \$ 374.01                  | \$ 363.02                     | \$ (489)                     | \$ 27,972                |
| 7        | Jun-13 | 2,284       | 5,080     | \$ 1,699,852                              | 0.9800            | \$ 1,734,543    | \$ 1,740,707       | \$ 759.43                      | \$ 762.13                         | \$ 341.45                  | \$ 342.66                     | \$ (1,330)                   | \$ 33,361                |
| 6        | Jul-13 | 2,286       | 5,091     | \$ 1,948,014                              | 0.9700            | \$ 2,008,262    | \$ 1,852,777       | \$ 878.50                      | \$ 810.49                         | \$ 394.47                  | \$ 363.93                     | \$ (9,877)                   | \$ 50,371                |
| 5        | Aug-13 | 2,279       | 5,075     | \$ 1,727,581                              | 0.9600            | \$ 1,799,564    | \$ 1,776,959       | \$ 789.63                      | \$ 779.71                         | \$ 354.59                  | \$ 350.14                     | \$ 1,660                     | \$ 73,642                |
| 4        | Sep-13 | 2,284       | 5,074     | \$ 1,724,516                              | 0.9400            | \$ 1,834,592    | \$ 2,232,248       | \$ 803.24                      | \$ 977.34                         | \$ 361.57                  | \$ 439.94                     | \$ 84,837                    | \$ 194,912               |
| 3        | Oct-13 | 2,286       | 5,069     | \$ 1,958,747                              | 0.9100            | \$ 2,152,470    | \$ 1,542,158       | \$ 941.59                      | \$ 674.61                         | \$ 424.63                  | \$ 304.23                     | \$ 89,181                    | \$ 282,903               |
| 2        | Nov-13 | 2,287       | 5,072     | \$ 1,644,864                              | 0.8400            | \$ 1,958,171    | \$ 1,649,356       | \$ 856.22                      | \$ 721.19                         | \$ 386.07                  | \$ 325.19                     | \$ 68,648                    | \$ 381,956               |
| 1        | Dec-13 | 2,288       | 5,071     | \$ 1,565,573                              | 0.7900            | \$ 1,981,738    | \$ 2,158,144       | \$ 866.14                      | \$ 943.24                         | \$ 390.80                  | \$ 425.59                     | \$ 892,750                   | \$ 1,308,915             |
| Total    |        | 75,460      | 167,264   | \$ 56,534,596                             | 0.9775            | \$ 57,836,785   | \$ 55,402,013      | \$ 766.46                      | \$ 734.19                         | \$ 345.78                  | \$ 331.22                     | \$ 1,132,583                 | \$ 2,434,772             |
| CY 2011  |        | 23,985      | 52,826    | \$ 17,318,485                             | 0.9999            | \$ 17,320,584   | \$ 15,750,815      | \$ 722.14                      | \$ 656.69                         | \$ 327.88                  | \$ 298.16                     | \$ (531)                     | \$ 1,567                 |
| CY 2012  |        | 24,060      | 53,375    | \$ 18,258,235                             | 0.9985            | \$ 18,286,221   | \$ 17,940,179      | \$ 760.03                      | \$ 745.64                         | \$ 342.60                  | \$ 336.12                     | \$ (779)                     | \$ 27,207                |
| CY 2013  |        | 27,415      | 61,063    | \$ 20,957,876                             | 0.9428            | \$ 22,229,980   | \$ 21,711,019      | \$ 810.87                      | \$ 791.94                         | \$ 364.05                  | \$ 355.55                     | \$ 1,133,894                 | \$ 2,405,997             |

Attachment 3  
Greater Tompkins County Municipal Health Insurance Consortium  
Monthly Incurred Claims and Reserve Estimates  
Pharmacy

Valuation as of January 31, 2014

| [A]      | [B]    | [C]=Input   | [D]=Input | [E]=Input                                 | [F]=CF Sheet      | [G]=[E]/[F]     | [H]=Input          | [I]=[G]/[C]                    | [J]=[H]/[C]                       | [K]=[G]/[D]                | [L]=[H]/[D]                   | [M]=Input                    | [N]=[G]-[E]+[M]          |
|----------|--------|-------------|-----------|---|-------------------|-----------------|--------------------|--------------------------------|-----------------------------------|----------------------------|-------------------------------|------------------------------|--------------------------|
| Duration | Month  | Subscribers | Members   | Incurred & Paid Claims through 01/31/2014 | Completion Factor | Incurred Claims | Mature Paid Claims | Incurred Claims per Subscriber | Mature Paid Claims per Subscriber | Incurred Claims per Member | Mature Paid Claims per Member | Paid Claims Run-Out (Jan-14) | Reserve at Dec. 31, 2013 |
| 36       | Jan-11 | 1,998       | 4,366     | \$ 522,956                                | 1.0000            | \$ 522,956      | \$ 354,108         | \$ 261.74                      | \$ 177.23                         | \$ 119.78                  | \$ 81.11                      | \$ -                         | \$ -                     |
| 35       | Feb-11 | 2,003       | 4,386     | \$ 483,183                                | 1.0000            | \$ 483,183      | \$ 485,353         | \$ 241.23                      | \$ 242.31                         | \$ 110.16                  | \$ 110.66                     | \$ -                         | \$ -                     |
| 34       | Mar-11 | 1,991       | 4,363     | \$ 544,578                                | 1.0000            | \$ 544,578      | \$ 474,616         | \$ 273.52                      | \$ 238.38                         | \$ 124.82                  | \$ 108.78                     | \$ -                         | \$ -                     |
| 33       | Apr-11 | 2,002       | 4,387     | \$ 521,122                                | 1.0000            | \$ 521,122      | \$ 482,274         | \$ 260.30                      | \$ 240.90                         | \$ 118.79                  | \$ 109.93                     | \$ -                         | \$ -                     |
| 32       | May-11 | 2,001       | 4,391     | \$ 543,789                                | 1.0000            | \$ 543,789      | \$ 759,032         | \$ 271.76                      | \$ 379.33                         | \$ 123.84                  | \$ 172.86                     | \$ -                         | \$ -                     |
| 31       | Jun-11 | 2,008       | 4,421     | \$ 541,056                                | 1.0000            | \$ 541,056      | \$ 486,216         | \$ 269.45                      | \$ 242.14                         | \$ 122.38                  | \$ 109.98                     | \$ -                         | \$ -                     |
| 30       | Jul-11 | 2,001       | 4,418     | \$ 514,439                                | 1.0000            | \$ 514,439      | \$ 483,462         | \$ 257.09                      | \$ 241.61                         | \$ 116.44                  | \$ 109.43                     | \$ -                         | \$ -                     |
| 29       | Aug-11 | 2,003       | 4,423     | \$ 571,065                                | 1.0000            | \$ 571,065      | \$ 481,231         | \$ 285.10                      | \$ 240.26                         | \$ 129.11                  | \$ 108.80                     | \$ -                         | \$ -                     |
| 28       | Sep-11 | 2,001       | 4,432     | \$ 580,272                                | 1.0000            | \$ 580,272      | \$ 543,337         | \$ 289.99                      | \$ 271.53                         | \$ 130.93                  | \$ 122.59                     | \$ -                         | \$ -                     |
| 27       | Oct-11 | 1,998       | 4,419     | \$ 568,921                                | 1.0000            | \$ 568,921      | \$ 557,617         | \$ 284.75                      | \$ 279.09                         | \$ 128.74                  | \$ 126.19                     | \$ -                         | \$ -                     |
| 26       | Nov-11 | 1,990       | 4,403     | \$ 601,300                                | 1.0000            | \$ 601,300      | \$ 766,424         | \$ 302.16                      | \$ 385.14                         | \$ 136.57                  | \$ 174.07                     | \$ -                         | \$ -                     |
| 25       | Dec-11 | 1,989       | 4,417     | \$ 613,937                                | 1.0000            | \$ 613,937      | \$ 591,547         | \$ 308.67                      | \$ 297.41                         | \$ 138.99                  | \$ 133.93                     | \$ -                         | \$ -                     |
| 24       | Jan-12 | 2,006       | 4,447     | \$ 642,446                                | 1.0000            | \$ 642,446      | \$ 531,348         | \$ 320.26                      | \$ 264.88                         | \$ 144.47                  | \$ 119.48                     | \$ -                         | \$ -                     |
| 23       | Feb-12 | 2,003       | 4,446     | \$ 599,644                                | 1.0000            | \$ 599,644      | \$ 596,349         | \$ 299.37                      | \$ 297.73                         | \$ 134.87                  | \$ 134.13                     | \$ -                         | \$ -                     |
| 22       | Mar-12 | 2,005       | 4,452     | \$ 640,371                                | 1.0000            | \$ 640,371      | \$ 597,245         | \$ 319.39                      | \$ 297.88                         | \$ 143.84                  | \$ 134.15                     | \$ -                         | \$ -                     |
| 21       | Apr-12 | 2,006       | 4,452     | \$ 592,646                                | 1.0000            | \$ 592,646      | \$ 549,939         | \$ 295.44                      | \$ 274.15                         | \$ 133.12                  | \$ 123.53                     | \$ -                         | \$ -                     |
| 20       | May-12 | 2,003       | 4,446     | \$ 642,318                                | 1.0000            | \$ 642,318      | \$ 829,709         | \$ 320.68                      | \$ 414.23                         | \$ 144.47                  | \$ 186.62                     | \$ -                         | \$ -                     |
| 19       | Jun-12 | 2,005       | 4,448     | \$ 534,618                                | 1.0000            | \$ 534,618      | \$ 535,537         | \$ 266.64                      | \$ 267.10                         | \$ 120.19                  | \$ 120.40                     | \$ -                         | \$ -                     |
| 18       | Jul-12 | 2,011       | 4,453     | \$ 547,998                                | 1.0000            | \$ 547,998      | \$ 504,271         | \$ 272.50                      | \$ 250.76                         | \$ 123.06                  | \$ 113.24                     | \$ -                         | \$ -                     |
| 17       | Aug-12 | 2,009       | 4,453     | \$ 616,434                                | 1.0000            | \$ 616,434      | \$ 521,136         | \$ 306.84                      | \$ 259.40                         | \$ 138.43                  | \$ 117.03                     | \$ -                         | \$ -                     |
| 16       | Sep-12 | 2,002       | 4,436     | \$ 539,002                                | 1.0000            | \$ 539,002      | \$ 536,863         | \$ 269.23                      | \$ 268.16                         | \$ 121.51                  | \$ 121.02                     | \$ -                         | \$ -                     |
| 15       | Oct-12 | 2,002       | 4,451     | \$ 610,817                                | 1.0000            | \$ 610,817      | \$ 780,880         | \$ 305.10                      | \$ 390.05                         | \$ 137.23                  | \$ 175.44                     | \$ -                         | \$ -                     |
| 14       | Nov-12 | 2,006       | 4,448     | \$ 625,718                                | 1.0000            | \$ 625,718      | \$ 517,998         | \$ 311.92                      | \$ 258.22                         | \$ 140.67                  | \$ 116.46                     | \$ -                         | \$ -                     |
| 13       | Dec-12 | 2,002       | 4,443     | \$ 536,891                                | 1.0000            | \$ 536,891      | \$ 627,975         | \$ 268.18                      | \$ 313.67                         | \$ 120.84                  | \$ 141.34                     | \$ -                         | \$ -                     |
| 12       | Jan-13 | 2,288       | 5,135     | \$ 528,541                                | 1.0000            | \$ 528,541      | \$ 670,708         | \$ 231.01                      | \$ 293.14                         | \$ 102.93                  | \$ 130.61                     | \$ -                         | \$ -                     |
| 11       | Feb-13 | 2,286       | 5,116     | \$ 465,873                                | 1.0000            | \$ 465,873      | \$ 458,039         | \$ 203.79                      | \$ 200.37                         | \$ 91.06                   | \$ 89.53                      | \$ -                         | \$ -                     |
| 10       | Mar-13 | 2,282       | 5,105     | \$ 560,104                                | 1.0000            | \$ 560,104      | \$ 554,474         | \$ 245.44                      | \$ 242.98                         | \$ 109.72                  | \$ 108.61                     | \$ -                         | \$ -                     |
| 9        | Apr-13 | 2,285       | 5,102     | \$ 590,034                                | 1.0000            | \$ 590,034      | \$ 602,710         | \$ 258.22                      | \$ 263.77                         | \$ 115.65                  | \$ 118.13                     | \$ -                         | \$ -                     |
| 8        | May-13 | 2,280       | 5,073     | \$ 577,737                                | 1.0000            | \$ 577,737      | \$ 575,424         | \$ 253.39                      | \$ 252.38                         | \$ 113.88                  | \$ 113.43                     | \$ -                         | \$ -                     |
| 7        | Jun-13 | 2,284       | 5,080     | \$ 600,355                                | 1.0000            | \$ 600,355      | \$ 603,418         | \$ 262.85                      | \$ 264.19                         | \$ 118.18                  | \$ 118.78                     | \$ -                         | \$ -                     |
| 6        | Jul-13 | 2,286       | 5,091     | \$ 581,110                                | 1.0000            | \$ 581,110      | \$ 584,577         | \$ 254.20                      | \$ 255.72                         | \$ 114.14                  | \$ 114.83                     | \$ -                         | \$ -                     |
| 5        | Aug-13 | 2,279       | 5,075     | \$ 599,979                                | 1.0000            | \$ 599,979      | \$ 596,561         | \$ 263.26                      | \$ 261.76                         | \$ 118.22                  | \$ 117.55                     | \$ -                         | \$ -                     |
| 4        | Sep-13 | 2,284       | 5,074     | \$ 552,411                                | 1.0000            | \$ 552,411      | \$ 567,588         | \$ 241.86                      | \$ 248.51                         | \$ 108.87                  | \$ 111.86                     | \$ -                         | \$ -                     |
| 3        | Oct-13 | 2,286       | 5,069     | \$ 676,644                                | 0.9990            | \$ 677,321      | \$ 666,140         | \$ 296.29                      | \$ 291.40                         | \$ 133.62                  | \$ 131.41                     | \$ -                         | \$ 677                   |
| 2        | Nov-13 | 2,287       | 5,072     | \$ 569,105                                | 0.9900            | \$ 574,854      | \$ 565,137         | \$ 251.36                      | \$ 247.11                         | \$ 113.34                  | \$ 111.42                     | \$ (9)                       | \$ 5,740                 |
| 1        | Dec-13 | 2,288       | 5,071     | \$ 707,674                                | 0.9700            | \$ 729,561      | \$ 713,709         | \$ 318.86                      | \$ 311.94                         | \$ 143.87                  | \$ 140.74                     | \$ (7,855)                   | \$ 14,032                |
| Total    |        | 75,460      | 167,264   | \$ 20,745,088                             | 0.9985            | \$ 20,773,401   | \$ 20,752,952      | \$ 275.29                      | \$ 275.02                         | \$ 124.20                  | \$ 124.07                     | \$ (7,864)                   | \$ 20,449                |
| CY 2011  |        | 23,985      | 52,826    | \$ 6,606,618                              | 1.0000            | \$ 6,606,618    | \$ 6,465,217       | \$ 275.45                      | \$ 269.55                         | \$ 125.06                  | \$ 122.39                     | \$ -                         | \$ -                     |
| CY 2012  |        | 24,060      | 53,375    | \$ 7,128,903                              | 1.0000            | \$ 7,128,903    | \$ 7,129,250       | \$ 296.30                      | \$ 296.31                         | \$ 133.56                  | \$ 133.57                     | \$ -                         | \$ -                     |
| CY 2013  |        | 27,415      | 61,063    | \$ 7,009,567                              | 0.9960            | \$ 7,037,880    | \$ 7,158,485       | \$ 256.72                      | \$ 261.12                         | \$ 115.26                  | \$ 117.23                     | \$ (7,864)                   | \$ 20,449                |

Attachment 4

Greater Tompkins County Municipal Health Insurance Consortium

NY Schedule F - Claims Payable Analysis

| SECTION I - CLAIMS INCURRED  |                      |                   |                     |                                |  |  |  |
|------------------------------|----------------------|-------------------|---------------------|--------------------------------|--|--|--|
| A                            | B                    | C                 | D                   | E                              |  |  |  |
| Description of Claims        | Paid During the Year | Unpaid Prior Year | Unpaid Current Year | Incurred This Year (B - C + D) |  |  |  |
| 1. Hospital & Medical Claims | \$ 21,711,019        | \$ 2,497,096      | \$ 2,726,944        | \$ 21,940,867                  |  |  |  |
| 2. Pharmacy Claims           | \$ 7,158,485         | \$ 160,190        | \$ 22,903           | \$ 7,021,198                   |  |  |  |
| 3. Total                     | \$ 28,869,504        | \$ 2,657,286      | \$ 2,749,847        | \$ 28,962,065                  |  |  |  |

| SECTION II - ANALYSIS OF UNPAID CLAIMS - CURRENT |  |                                   |                              |
|--|--|-----------------------------------|------------------------------|
| A  | B  | C                                 | D                            |
| Description of Claims                            | Reported Claims in Process of Adjustment | Estimated Incurred but Unreported | Total Claims Payable (B + C) |
| 1. Hospital & Medical Claims                     | \$ 369,664                               | \$ 2,357,280                      | \$ 2,726,944                 |
| 2. Pharmacy Claims                               | \$ -                                     | \$ 22,903                         | \$ 22,903                    |
| 3. Total   | \$ 369,664                               | \$ 2,380,183                      | \$ 2,749,847                 |

| SECTION III - ANALYSIS OF UNPAID CLAIMS - PRIOR |  |                                    |                                       |                                    |  |   |   |
|---|--|------------------------------------|---------------------------------------|------------------------------------|--|---|---|
| A   | B  | C                                  | D                                     | E                                  | F                                      | G   | H   |
| Description of Claims                           | Claims Paid During the Year              |                                    | Claim Reserve at End of Current Year  |                                    |  | Estimated Claim Reserve at End of Prior Year (Sect. I, C) | Amount Reserve is Over/(Under) Reserved (G - F) |
|   | On Claims Incurred Prior to Current Year | On Claims Incurred During the Year | On Claims Unpaid at End of Prior Year | On Claims Incurred During the Year | Claims Incurred in Prior Years (B + D) |   |   |
| 1. Hospital & Medical Claims                    | \$ 1,887,036                             | \$ 19,823,983                      | \$ 32,227                             | \$ 2,694,717                       | \$ 1,919,263                           | \$ 2,497,096  | \$ 577,833                                      |
| 2. Pharmacy Claims                              | \$ 141,054                               | \$ 7,017,431                       | \$ -                                  | \$ 22,903                          | \$ 141,054                             | \$ 160,190  | \$ 19,136                                       |
| 3. Total  | \$ 2,028,090                             | \$ 26,841,414                      | \$ 32,227                             | \$ 2,717,620                       | \$ 2,060,317                           | \$ 2,657,286  | \$ 596,969                                      |

CALCULATION OF UNPAID CLAIMS RESERVES AT YEAR END

Unpaid claims reserve (per Page NY 3, Line 1.3) = % approved by DFS \* [(Paid claims CY - Unpaid claims PY) / (1-% approved by DFS)]

|  |               |  |
|--|---------------|--|
| Reserve requirement per DFS                            | 12%           | <== Input per DFS                                      |
| Paid claims CY   | \$ 28,869,504 | <== Section I, Column B                                |
| Unpaid claims PY                                       | \$ 2,657,286  | <== Section I, Column C                                |
| Result = Unpaid claims CY                              | \$ 3,574,393  | <==Reported on NY 3, Line 1.3                          |
| Implied incurred claims                                | \$ 29,786,611 | <==Paid claims + (Unpaid claims CY - Unpaid claims PY) |
| Hospital & Medical claims payable per Actuary          | \$ 2,726,944  | <== Section II, Column D, Line 1                       |
| Pharmacy claims payable per Actuary                    | \$ 22,903     | <== Section II, Column D, Line 2                       |
| Total claims payable per Actuary                       | \$ 2,749,847  | <==Reported on NY 3, Line 1.1                          |
| Total Additional Amount Required by Section 4706(a)(1) | \$ 824,546    | <==Reported on NY 3, Line 1.2                          |
| Total claims Payable                                   | \$ 3,574,393  | <==Reported on NY 3, Line 1.3                          |

## **APPENDIX A**

### **Statement of Actuarial Opinion**

**December 31, 2013**





SCOPE

I have examined the assumptions and methods used in determining loss reserves, actuarial liabilities, and related items listed below, as shown in the annual statement of the organization as prepared for filing with state regulatory officials as of December 31, 2013:

Actuarial Liability Summary

December 31, 2013

Greater Tompkins County Municipal Health Insurance Consortium

| Actuarial Item   | Statement Reference | Amount         |
|--|---------------------|----------------|
| A. Claims unpaid including unpaid claims adjustment expenses   | Page 3, Line 1.1    | \$2,749,847    |
| B. Additional amounts required by Section 4706(a)(1)   | Page 3, Line 1.2    | \$824,546      |
| C. Total Claims payable  | Page 3, Line 1.3    | \$3,574,393    |
| D. Surplus per Section 4706(a)(5)  | Page 3, Line 21     | \$1,725,384    |
| E. Any other loss reserves, actuarial liabilities, or related items presented as liabilities in the annual statement |                     | Not Applicable |
| F. Specified actuarial items presented as assets in the annual statement   |                     | Not Applicable |

RELIANCE

My examination included such review of the actuarial assumptions and actuarial methods and of the underlying basic liability records and such tests of the actuarial calculations as I considered necessary. I also reconciled the underlying basic liability records to Schedule F, Section III.

**OPINION**

In my opinion, the amounts carried in the balance sheet on account of the items identified above:


- A. Are in accordance with accepted actuarial standards consistently applied and are fairly stated in accordance with sound actuarial principals;
- B. Are based on actuarial assumptions relevant to contract provisions and appropriate to the purpose for which the statement was prepared;
- C. Meet the requirements of the Insurance Laws and regulations of the State of New York and are at least as great as the minimum aggregate amounts required by New York and are in compliance with the terms of the Consortium's Certificate of Authority as determined by the Superintendent of Financial Services (i.e., 12% of annual medical and pharmacy incurred claims);
- D. Make a good and sufficient provision for all unpaid claims and other actuarial liabilities of the organization under the terms of its contracts and agreements;
- E. Are computed on the basis of assumptions and methods consistent with those used in computing the corresponding items in the annual statement as of the preceding year-end; and
- F. Include appropriate provision for all actuarial items which ought to be established.

Schedule F, Section III was reviewed for reasonableness and consistency with the applicable Actuarial Standards of Practice.

Actuarial methods, considerations, and analyses used in forming my opinion conform to the relevant Standards of Practice as promulgated from time to time by the Actuarial Standards Board, which standards form the basis of this statement of opinion.

**RELEVANT COMMENTS**

The amount carried on the balance sheet for contingency (termination) reserves (i.e., the surplus account, page NY3, line 21) was not calculated using actuarial methods. Instead, it was determined using the methodologies described in Article 47, Section 4706(a)(5) of 5% of annualized earned premium equivalents.



Michael Lawrence Frank, ASA, FCA, MAAA  
President and Actuary  
110 Betsy Brown Road  
Port Chester, NY 10573  
Tel: (914) 933-0063  
Date: April 8, 2014